



**The AGC Group's
New management policy**

AGC plus

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February 6, 2015

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Key message for today's presentation

- In 2015, we will put an end to the profit decline.
- Under **AGC plus**, we aim to achieve the following business target by the end of 2017.

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

1. *Grow Beyond* Overview and FY2015 Forecast

➤ *Grow Beyond* : Overview

➤ FY2015 Forecast

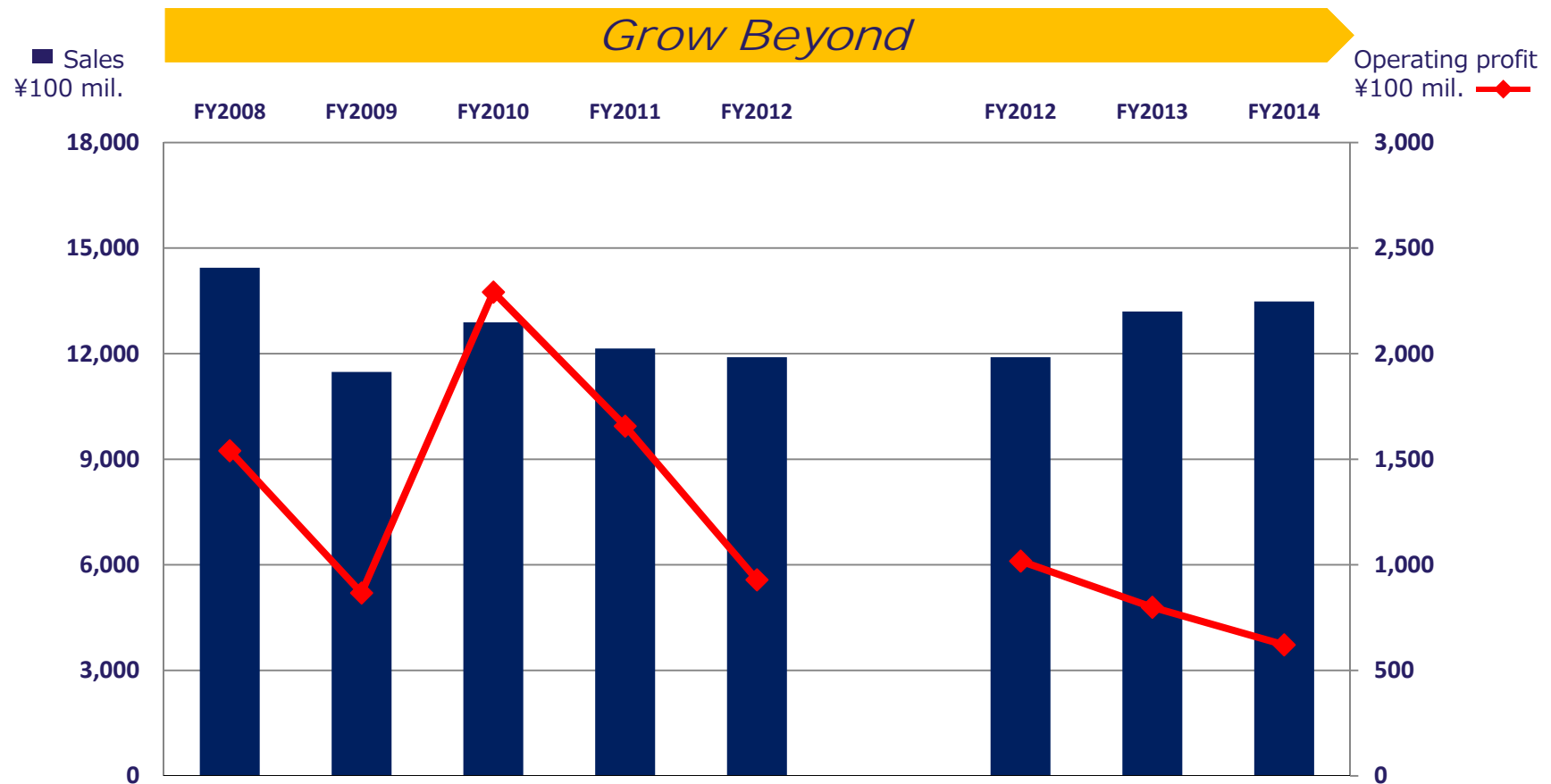
Grow Beyond : Overview (1)

- ◆ We worked to build foundations for growth, improve the Group’s business strength and promote a structural reform.

	Grow Beyond	FY2015 onward
Growth initiatives	<ul style="list-style-type: none"> ◆ Invested aggressively by using the sales ratio for “fast-growing countries,” “new products” and “environmental related products” as the yardstick. 	<ul style="list-style-type: none"> ◆ Sales in fast-growing countries and sales of new products will grow (and are expected to grow by total 240 billion yen in 2016 from the 2014 level).
Strength building	<ul style="list-style-type: none"> ◆ Implemented structural reforms to cope with the macroeconomic changes in the global business environment, including collapse of Lehman Brothers and debt crisis in Europe ◆ Took “strength-building” measures: Group-wide efficiency improvement project, personnel-related measures, etc. 	<ul style="list-style-type: none"> ◆ Will continue the strength-building and cost reduction efforts. (In 2015, over 20 billion yen improvement is expected year on year).

Grow Beyond : Overview (2)

- ◆ A record profit in 2010, followed by 4th consecutive profit decline due to delay in response to the situation in Europe & drastic decline in LCD glass prices



* Base on IFRS in 2012 onward

Grow Beyond : Overview (3)

Variance analysis on operating profit

- ◆ Sales increase & cost reduction couldn't offset the decline in selling prices

Unit :¥100 mil.

	Operating profit	Difference from previous year	Variance analysis on operating profit			
			Sales Volume /Quantity, Product Mix	Selling price	Purchase Price Fuels/Raw Materials	Cost Reduction /Others
2010	2,292	+1,425	+985	▲450	▲102	+992
2011	1,657	▲635	+131	▲499	▲223	▲44
2012	929	▲727	+315	▲1,024	▲107	+88
2013※	799	▲130	+183	▲463	▲118	+269
2014※	621	▲178	+126	▲409	▲119	+224

Constantly increase sales by over 10 billion yen

Economic crisis in Europe, intensified competition in the LCD glass market

Increase in crude oil price/electricity cost

Reduced over 20 billion yen per year

* J-GAAP up to FY2012 actual. IFRS in FY2013 onward.

The balance (+9.2 billion yen) generated from the change was added to "Cost Reduction/Others."

1. *Grow Beyond* Overview and FY2015 Forecast

➤ *Grow Beyond : Overview*

➤ **FY2015 Forecast**

YoY quarterly comparison: operating profit

◆ Recovered to the previous year's level in 4Q.

Unit :
¥100 mil.

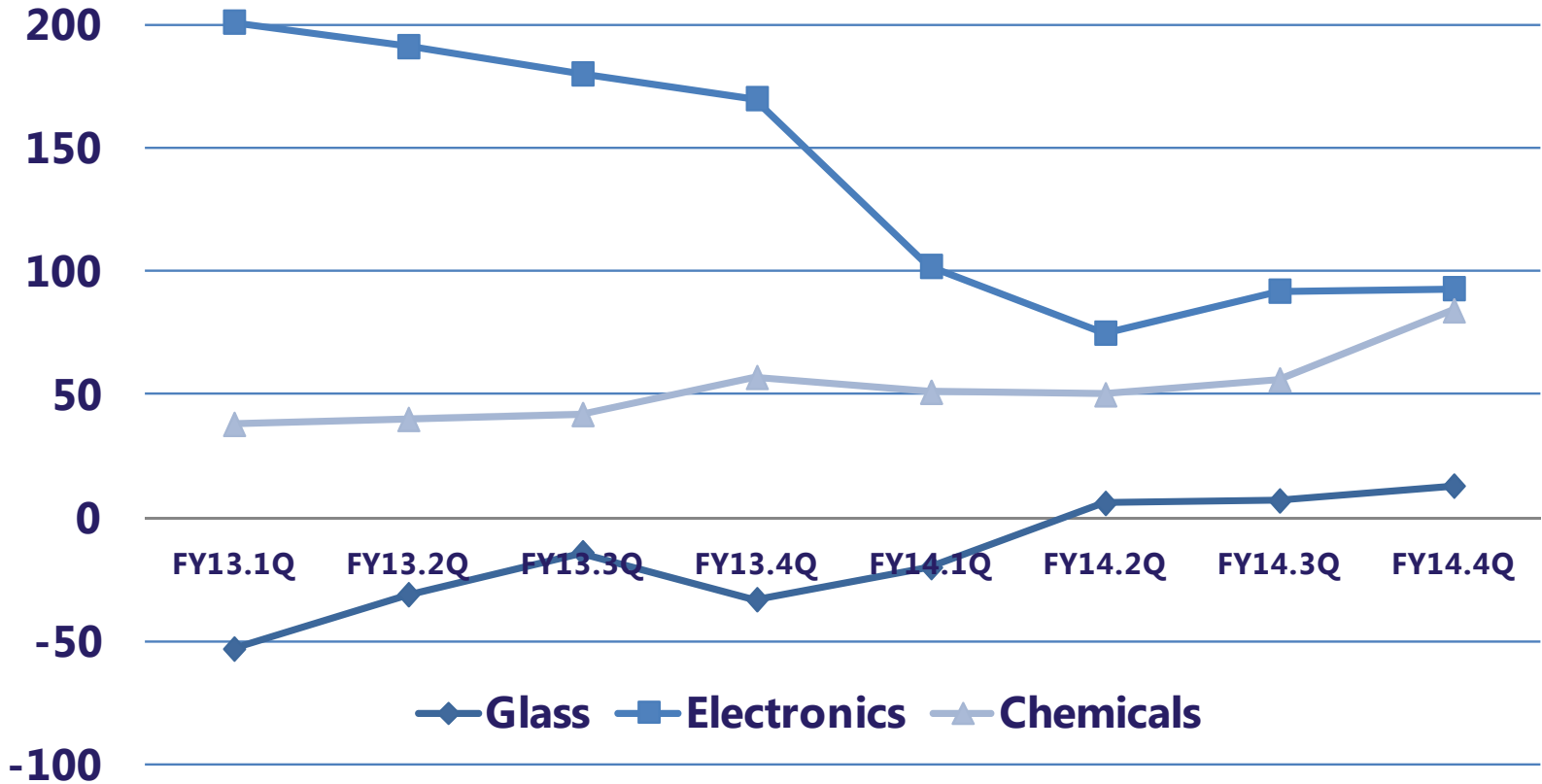


* Above figures are based on IFRS

Quarterly trend by segment: operating profit

- ◆ Glass segment turned into black on an annual basis.
- ◆ Chemicals segment is on a growth track.
- ◆ Operating profit decline in Electronics has become moderate.

Unit :
¥100 mil.



* Above figures are based on IFRS

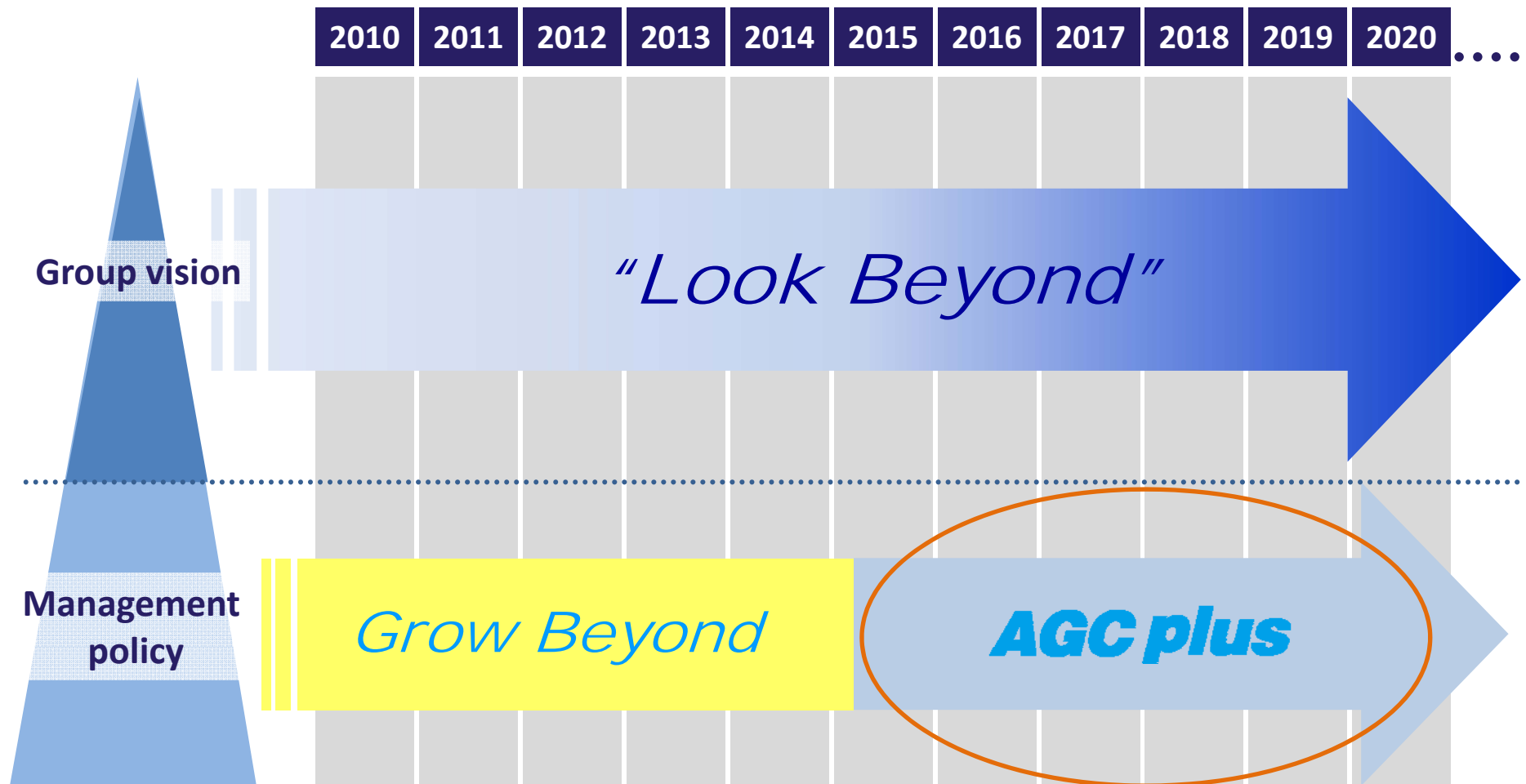
Basis for FY2015 operating profit forecast

- ◆ Increase in sales volume & cost reduction are expected to offset the decline in selling prices.

Items	Expected impact on operating profit	Basis for our forecast
Sales Volume /Quantity, Product Mix	positive	Will increase in all segments
Selling price	negative	Decline in the prices for flat glass in Europe and LCD glass will be moderate on the year-on-year basis.
Purchase Price Fuels/Raw Materials	-	Lower crude oil price will offset the increase in electricity cost
Cost Reduction /Others	positive	Is expected to have the level of impact similar to previous years through cost reduction and structural reform

2. AGC Group's New Management Policy

New management policy under the new management



AGC Group's new management policy

AGC plus

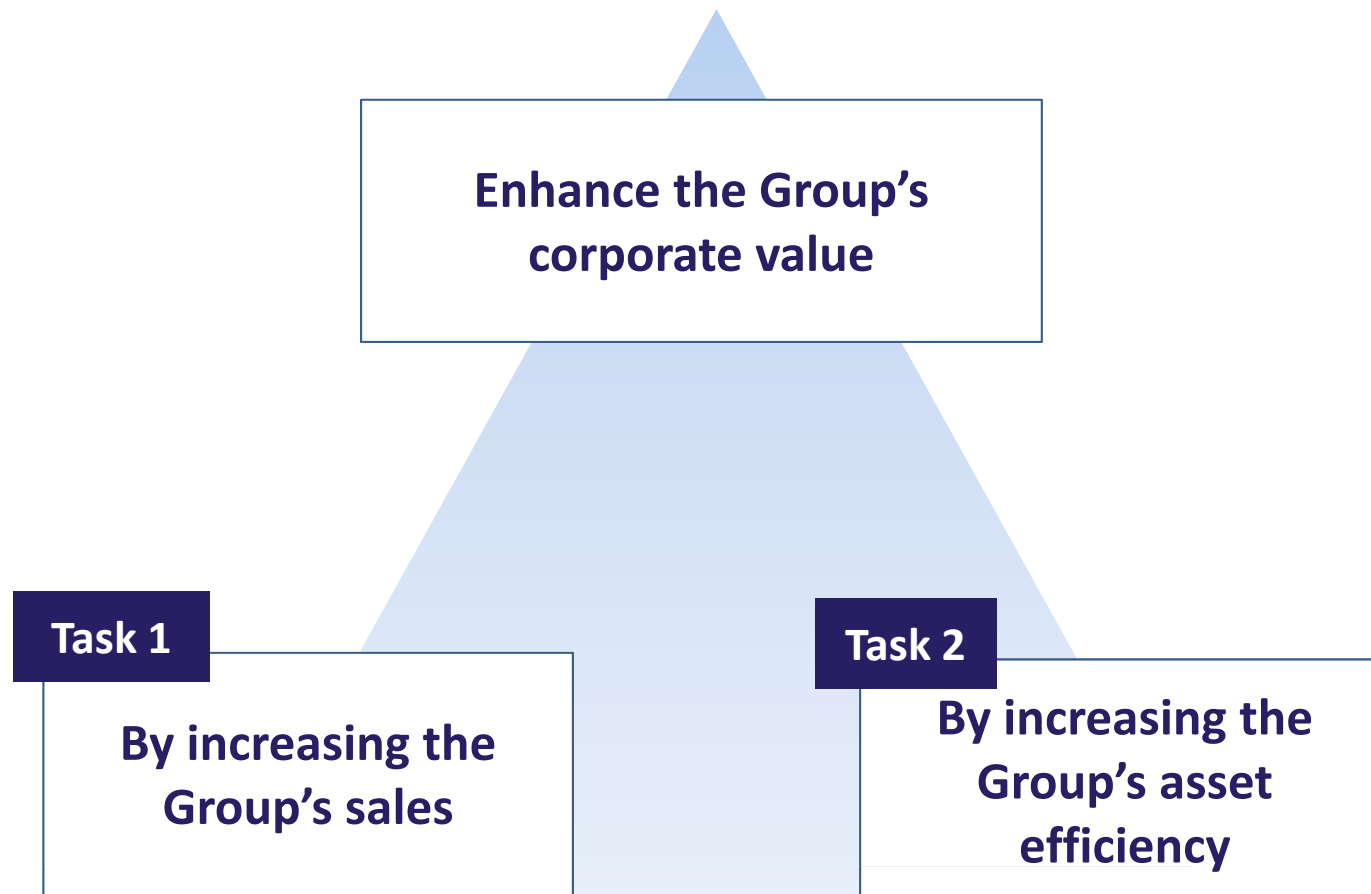
The AGC Group adds a “plus” by:

- Providing safety, security and comfort to society;
- Creating new value and functions for customers and business partners and building trust with them;
- Enhancing job satisfaction among employees; and
- Increasing the Group's corporate value for investors.

3. To enhance the Group's corporate value

To enhance the Group's corporate value

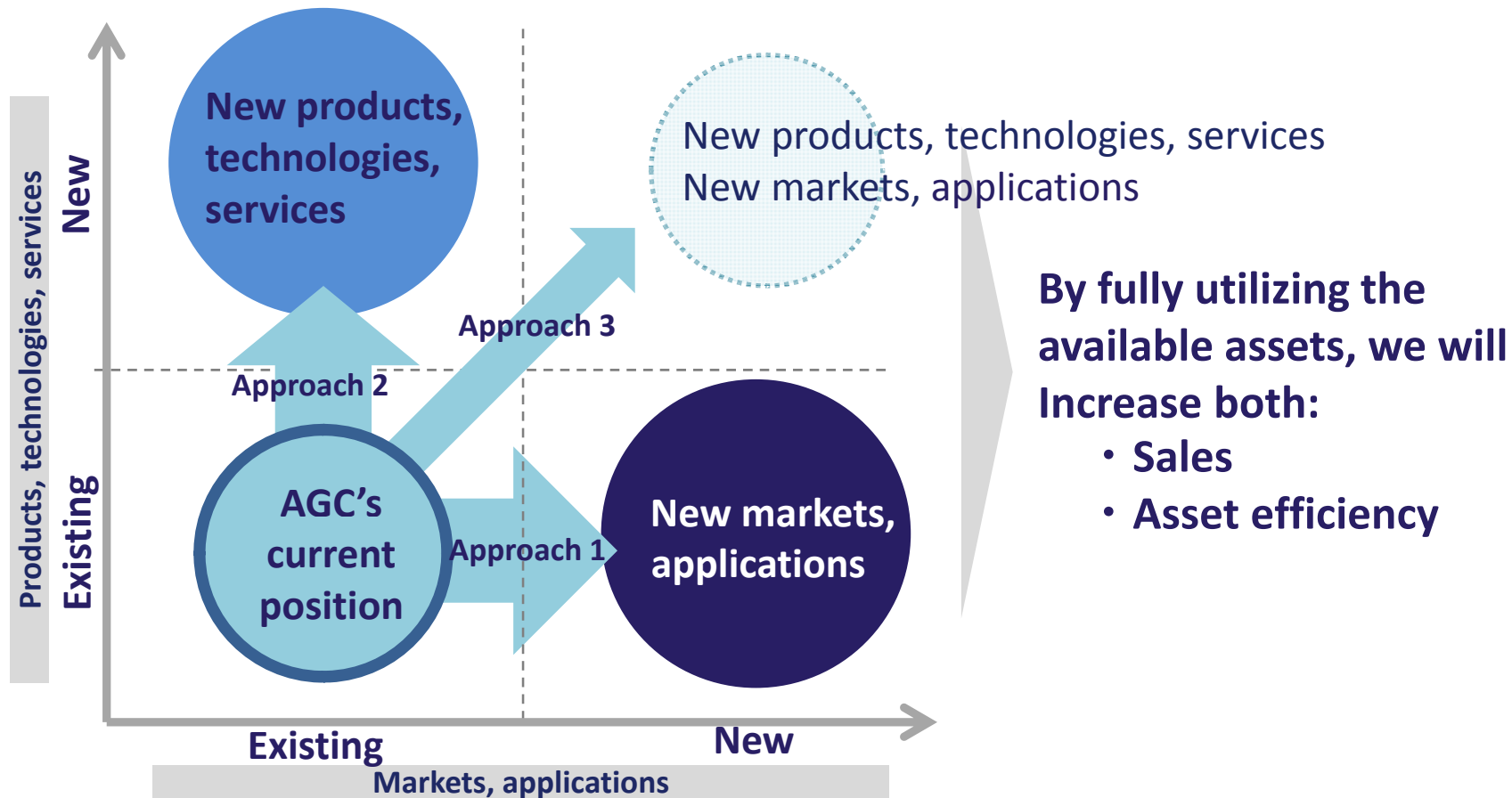
- ◆ The AGC Group aims to increase both sales and asset efficiency.



Task 1: Increase the Group's sales

- ◆ Based on a market-centered perspective, we will make full use of our diverse resources and opportunities, which are one of the strengths of the AGC Group.

【Different approaches to increase sales】



Approach 1:

Explore new markets with existing products



Obeikan

Having shifted from do-our-own policy, we formed a joint venture and strengthened the Group's business in Saudi Arabia.



Planned construction site

Chlor-Alkali (outside Japan)

We developed a supply system to meet the strong demand in Southeast Asia and expand the market in the region.



Plant of PT Asahimas Chemical (Indonesia)

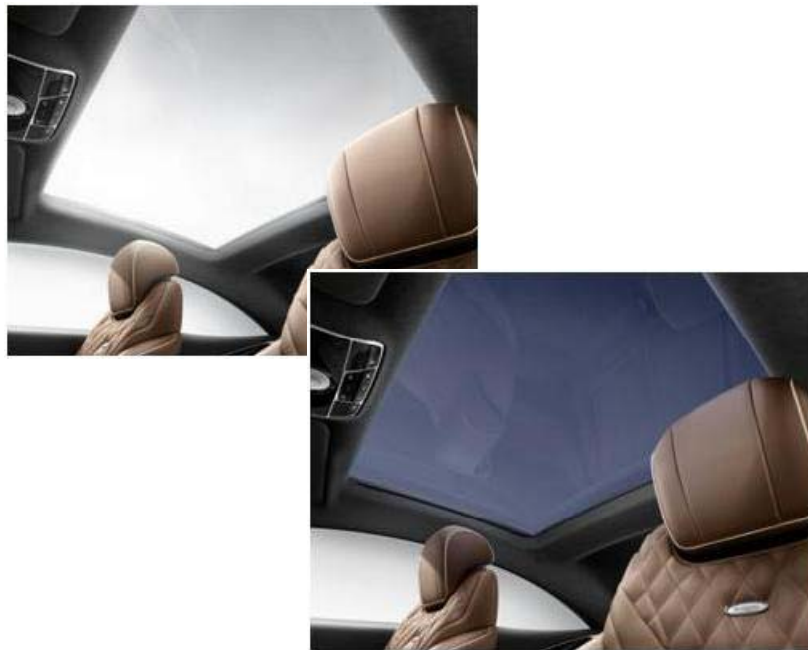
Approach 2:

Explore existing markets with new products

AGC plus

WONDERLITE™

Three-times bigger glass roof with special coating provides greater comfort and energy saving.



WONDERLITE in “Magic Sky Control”

AMOLEA™

New refrigerant with low environmental impact of about one-sixth that of conventional products



Approach 3: Explore new markets with new products

Life science

High-quality pharmaceutical & agrochemical intermediates and active agents based on the Group's advanced manufacturing technology



bio-pharmaceutical
manufacturing facility

infoverre™

Everything around us can be an Information interface.



Infoverre™

Task 2: To increase the Group's asset efficiency **AGC plus**

- ◆ We clarified the policy and strategy for asset allocation within each business portfolio that has been created based on the profitability and growth potential of each business.

	Growth	Cash generator	Strength building area
Glass	-Automotive glass	-Architectural glass (fast growing countries)	-Architectural glass (Developed countries)
Electronics	-Electronic materials -Glass for chemical strengthening - Ultra thin glass	- LCD glass	
Chemicals	- Chlor-Alkali (Outside Japan) - Fluorichemicals - Life science		-Chlor-Alkali (Japan)

Strategic direction of each business

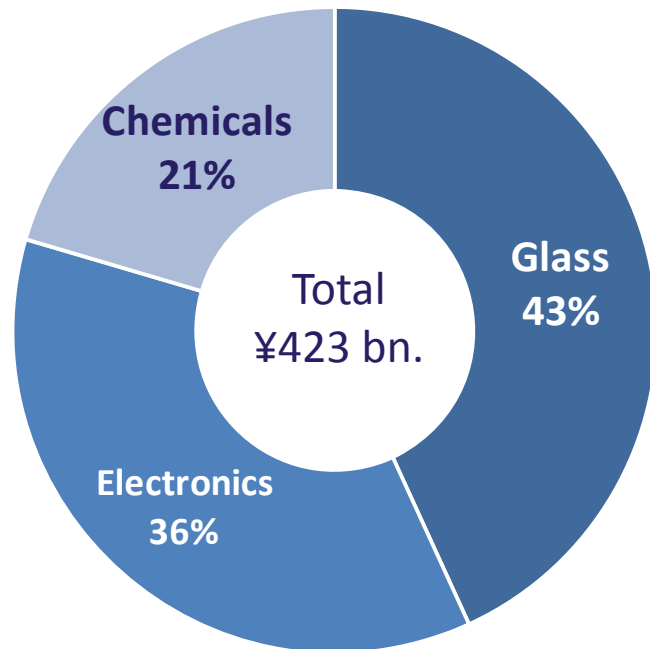
	Strategic direction	2017 Target
Glass	<p>[Architectural glass]</p> <ul style="list-style-type: none"> -Increase asset efficiency & improve earnings -Continue strength building and structural reform -Use joint venture & stop doing all on our own <p>[Automotive glass]</p> <ul style="list-style-type: none"> -Solidify the Group's market position as the global leader 	ROS 5% or more
Electronics	<p>[LCD glass]</p> <ul style="list-style-type: none"> -Reduce costs and keep the profitability -Shift the production capacity to growing China <p>[Applied glass material]</p> <ul style="list-style-type: none"> -"thin, light and strong glass" in various markets (Electronics, architectural , automotive and solar applications) <p>[Electronic materials]</p> <ul style="list-style-type: none"> -Concentrate the management resources in areas with growth potential 	ROS 10% or more
Chemicals	<p>[Chlor-Alkali (Outside Japan)]</p> <ul style="list-style-type: none"> -Take in the growing Southeast Asian market <p>[Fluorochemicals]</p> <ul style="list-style-type: none"> -Grow on globally increasing demand for high-performance materials <p>[Life science]</p> <ul style="list-style-type: none"> -Focus on the expanding pharmaceutical & agrochemical market 	ROS 10% or more

Resource allocation

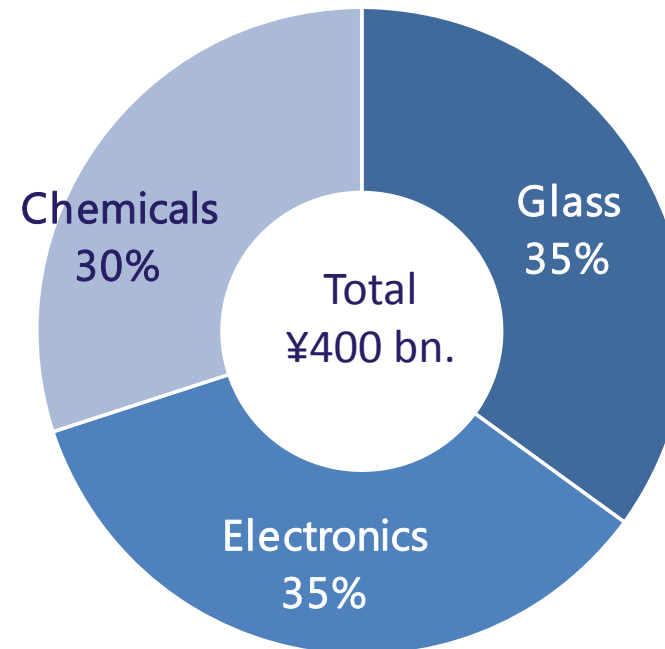
- ◆ Focus on asset efficiency and concentrate resources into growth areas
- ◆ Keep CAPEX less than depreciation cost

CAPEX by business segment

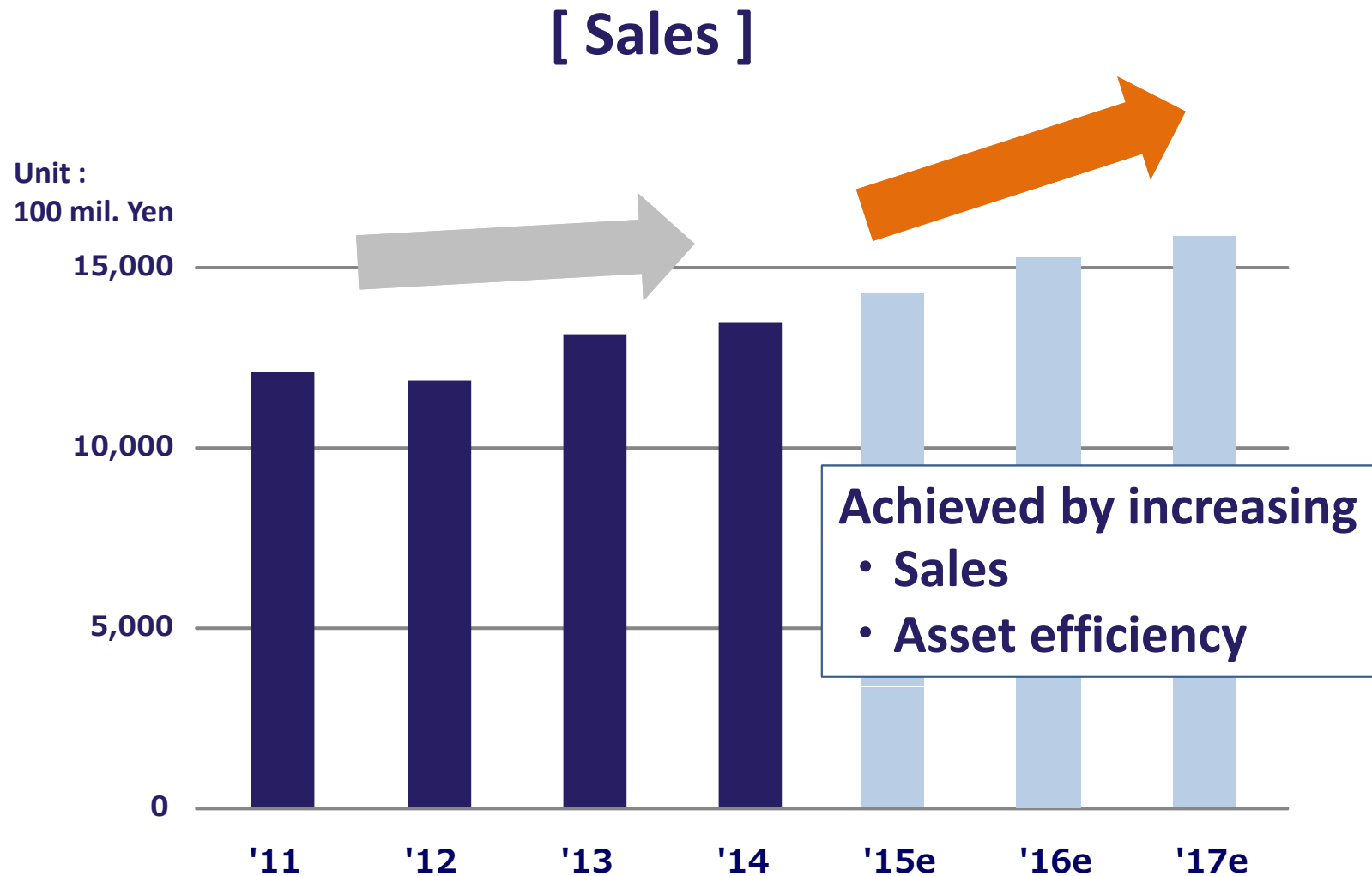
【2012-2014】



【2015e-2017e】



Growth path to meet the 2017 management goal (1)



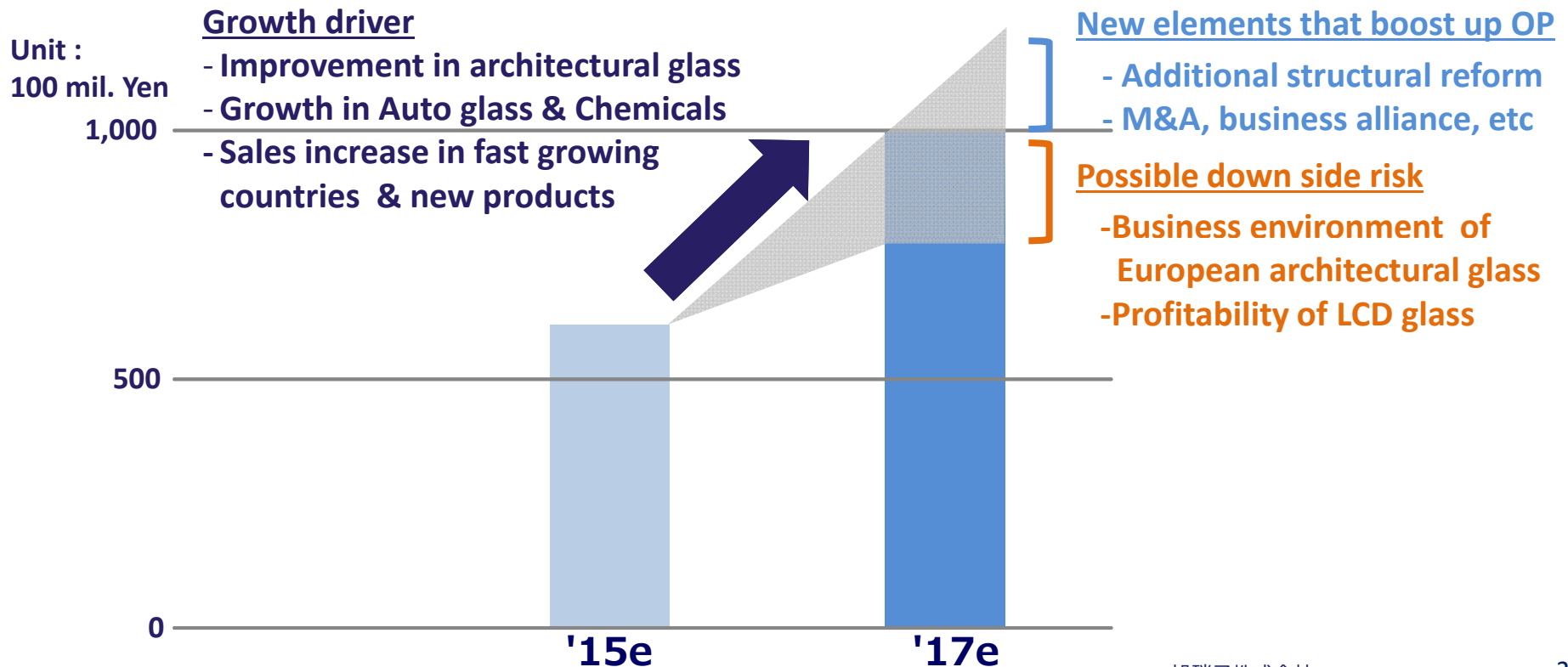
* The actual results in 2011 and 2012 are based on J-GAAP. The figures in 2012 onward are based on IFRS

Growth path

to meet the 2017 management goal (2)

- ◆ We will achieve operating profit of more than ¥100 bn. even if the possible down side risk materializes in the course of implementing additional measures.

[Operating profit outlook]

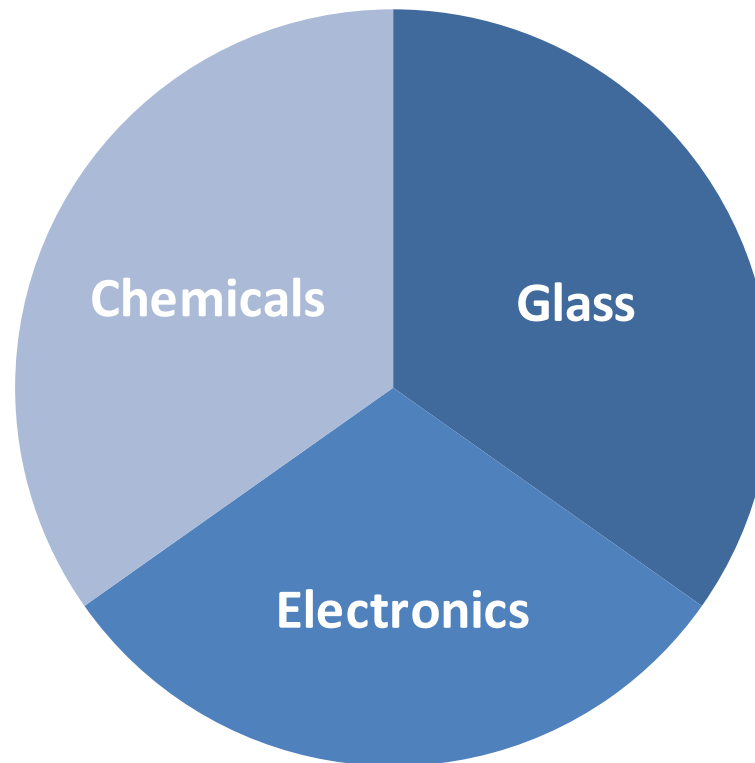


Growth path

to meet the 2017 management goal (3)



- ◆ We will ensure a well-balanced earnings structure by achieving a business recovery in the Glass segment & growth in the Chemicals segment



[Breakdown of FY2017 operating income (estimate)]

Based on its policy to maintain stable dividends, the Company is doing its utmost to proactively return profits to its shareholders, while giving comprehensive consideration to its business results and future investment plans, among others.

Target dividend payout ratio: 30%
(only as a guide)

Management target under new management **AGC plus**

Management Policy		<p style="text-align: center;">AGC plus</p> <p>The AGC Group adds a “plus” by:</p> <ul style="list-style-type: none"> • Providing safety, security and comfort to society; • Creating new value and functions for customers and business partners and building trust with them; • Enhancing job satisfaction among employees; and • Increasing the Group’s corporate value for investors.
		Target for 2017
Operating income	<p style="text-align: center;">more than ¥ 100 bn.</p>	
ROE	<p style="text-align: center;">5% or above</p>	
D/E	<p style="text-align: center;">0.5 or less</p>	

Appendix

Grow Beyond-2015 progress in 2014

[Financial Targets]

	Target	
ROE	5% or above	2014 Actual 1.4% 0.42
D/E	0.5 or less	

[Progress towards the projected business outline in 2020]

	2020 Target	
Emerging markets	30%	2014 Actual 24% 15% 12%
Environment-related	30%	
New products	30%	

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