

# Financial Results for the Three Months ended March 31, FY2017

The logo for AGC, consisting of the letters 'AGC' in a bold, dark blue sans-serif font. A small red square is positioned to the left of the letter 'C'.

**AGC Asahi Glass**

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# Financial Results for the Three Months ended March 31, FY2017

# 1. Highlights of the Financial Results

<b>Net sales</b>	<b>335.3 billion yen (up 27.3 billion yen YoY)</b>
<b>Operating profit</b>	<b>22.2 billion yen (up 5.5 billion yen YoY)</b>
<b>Profit before tax</b>	<b>19.4 billion yen (up 6.5 billion yen YoY)</b>
<b>Profit for the period attributable to owners of the parent</b>	<b>20.0 billion yen (up 11.1 billion yen YoY)</b>

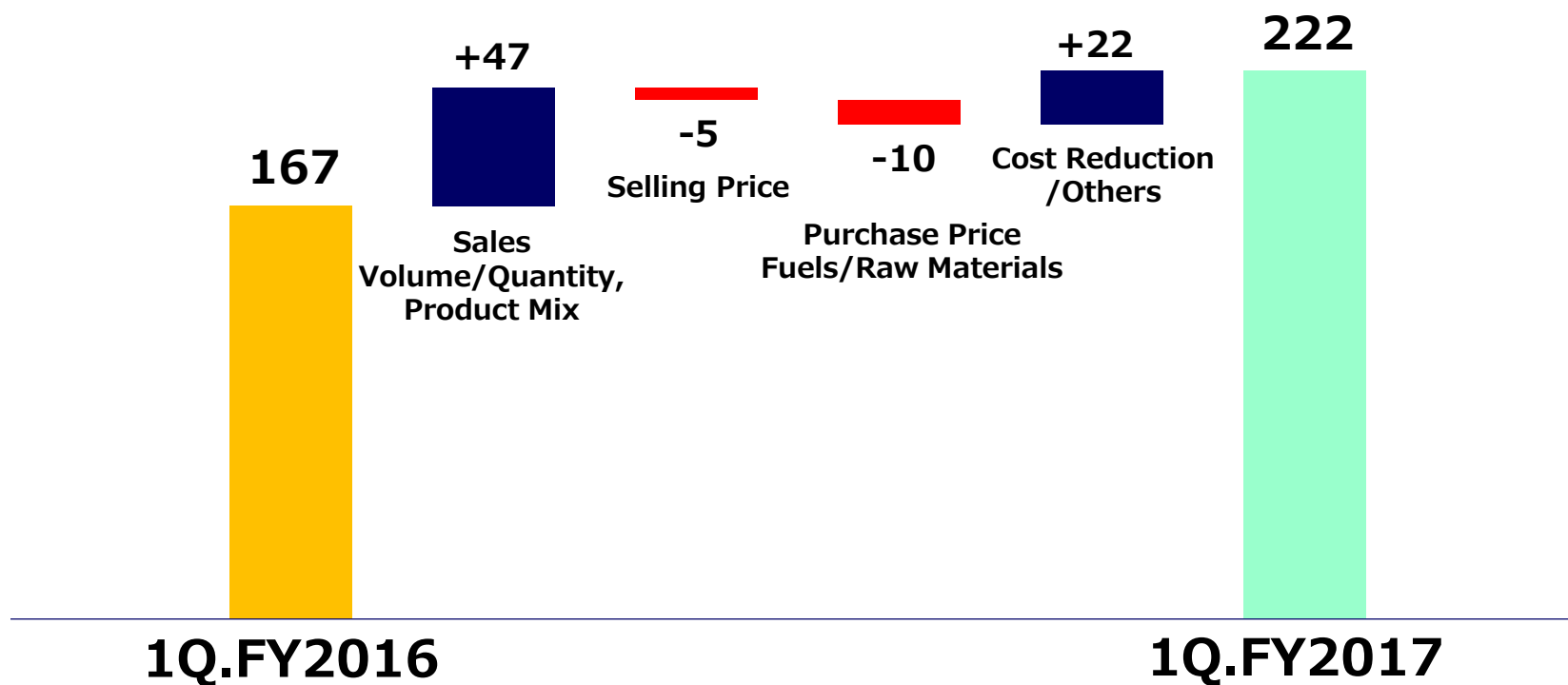
- ✓ **Net sales and operating profit up, owing to the increased volume of shipments at each business section as well as the consolidation of the companies acquired in 2017.**
- ✓ **In addition to the increase in operating profit, profit for the period attributable to owners of the parent also increased due to a decrease in corporate income tax expenses resulted from the tax refund for part of the withholding tax paid.**

# Variance Analysis on OP(1Q.FY2017 vs. 1Q.FY2016)

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¥ 5.5 bn up from same period last year

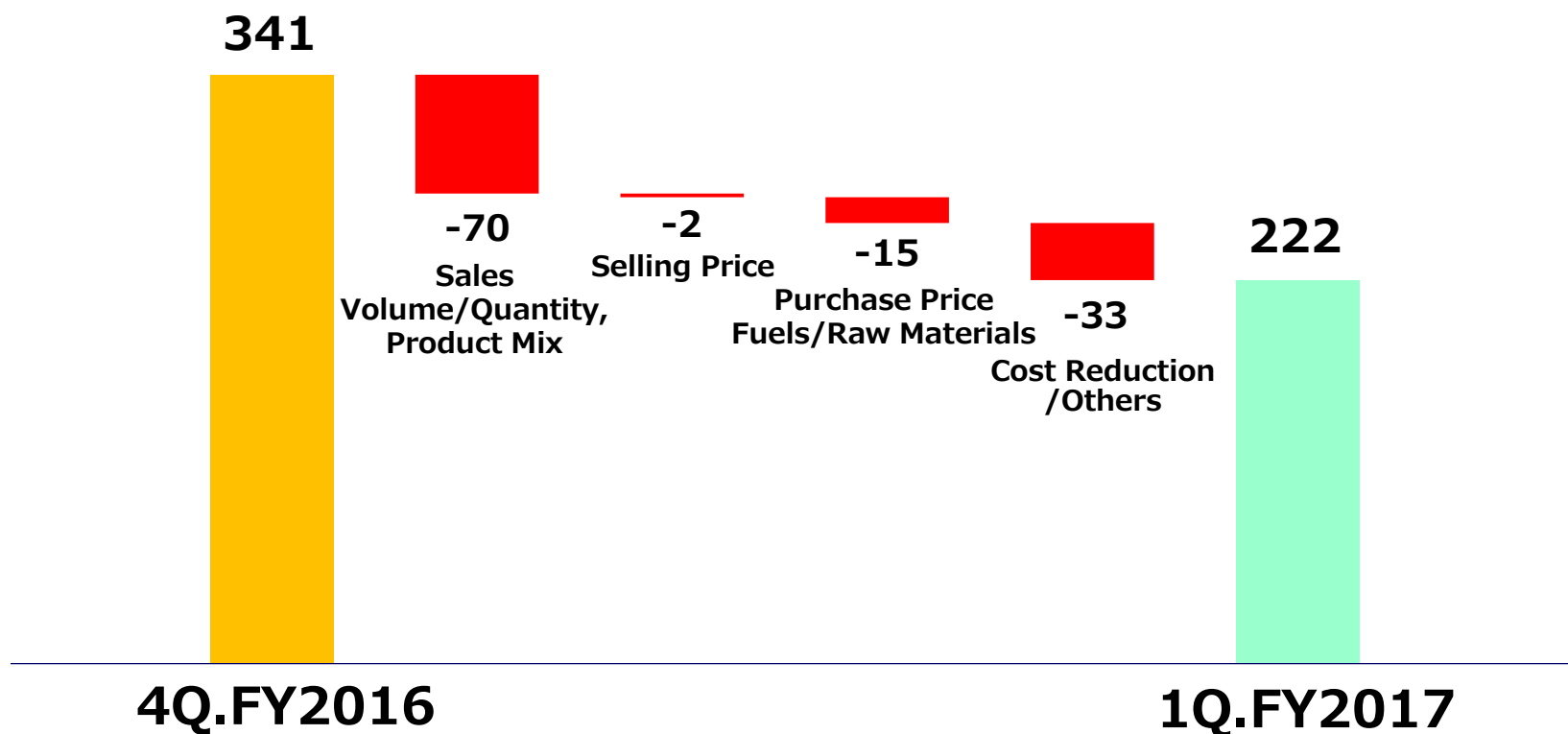
(100 million yen)



# Variance Analysis on OP(1Q.FY2017 vs. 4Q.FY2016)

¥ 11.9 bn down from last quarter

(100 million yen)



# Consolidated Statements of Profit or Loss

**AGC**

	FY2016 1Q	FY2017 1Q	Change	(100 million yen)
<b>Net sales</b>	3,080	<b>3,353</b>	+273*	
<b>Operating profit</b>	167	<b>222</b>	+55	
Other income/expenses	-22	<b>-22</b>		
<b>Business profit</b>	145	<b>200</b>	+55	
Finance income/costs	-16	<b>-6</b>		
<b>Profit before tax</b>	129	<b>194</b>	+65	
Income tax expenses	-31	<b>28</b>		
<b>Profit for the period</b>	98	<b>221</b>	+124	
<b>attributable to owners of the parent</b>	88	<b>200</b>	+111	
attributable to non-controlling interests	9	<b>22</b>		
Forex (Average)	JPY/USD 115.48	<b>113.64</b>		* Foreign exchange fluctuation resulted in -6.3 billion yen in Net sales in 1Q.
	JPY/EUR 127.23	<b>121.08</b>		
Crude oil	\$/BBL(Dubai) 30.9	<b>53.1</b>		



# Consolidated Statement of Financial Position

**AGC**

	2016/12	2017/3	(100 million yen) Change
Cash and cash equivalents	1,473	<b>920</b>	-553
Inventories	2,273	<b>2,371</b>	+98
Property, plant and equipment, Goodwill and Intangible assets	10,001	<b>10,993</b>	+992
Other assets	6,067	<b>5,964</b>	-103
<b>Total assets</b>	19,815	<b>20,248</b>	+433*
Interest-bearing debt	4,340	<b>4,477</b>	+137
Other liabilities	3,787	<b>3,945</b>	+157
<b>Liabilities</b>	8,127	<b>8,422</b>	+295
Total equity attributable to owners of the parent	10,954	<b>10,881</b>	-74
Non-controlling interests	733	<b>945</b>	+212
<b>Equity</b>	11,687	<b>11,826</b>	+139
<b>Total liabilities and equity</b>	19,815	<b>20,248</b>	+433*
<b>D/E ratio</b>	0.37	<b>0.38</b>	

\* -11.0 billion yen due to foreign exchange fluctuation

# Consolidated Statement of Cash Flow

**AGC**

	1Q.FY2016	1Q.FY2017 <sup>(100 million yen)</sup>
Profit before tax	129	<b>194</b>
Depreciation and amortization expense	314	<b>311</b>
Increase(decrease) in working capital	1	<b>-4</b>
Others	71	<b>48</b>
<b>Cash flows from operating activities</b>	<b>516</b>	<b>549</b>
<b>Cash flows from investing activities</b>	<b>-312</b>	<b>-999</b>
<b>Free cash flow</b>	<b>203</b>	<b>-450</b>
Changes in interest-bearing debt	-25	<b>122</b>
Dividends paid	-104	<b>-104</b>
Others	-8	<b>-115</b>
<b>Cash flows from financing activities</b>	<b>-137</b>	<b>-97</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-13</b>	<b>-6</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>53</b>	<b>-553</b>

(100 million yen)

	FY2016 1Q	<b>FY2017</b> <b>1Q</b>
<b>CAPEX</b>	317	<b>319</b>
<b>Depreciation</b>	314	<b>311</b>
<b>R&amp;D</b>	96	<b>102</b>

## **2. Information by Business and Geographic Segments**

# Glass Segment (1)

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(100 million yen)

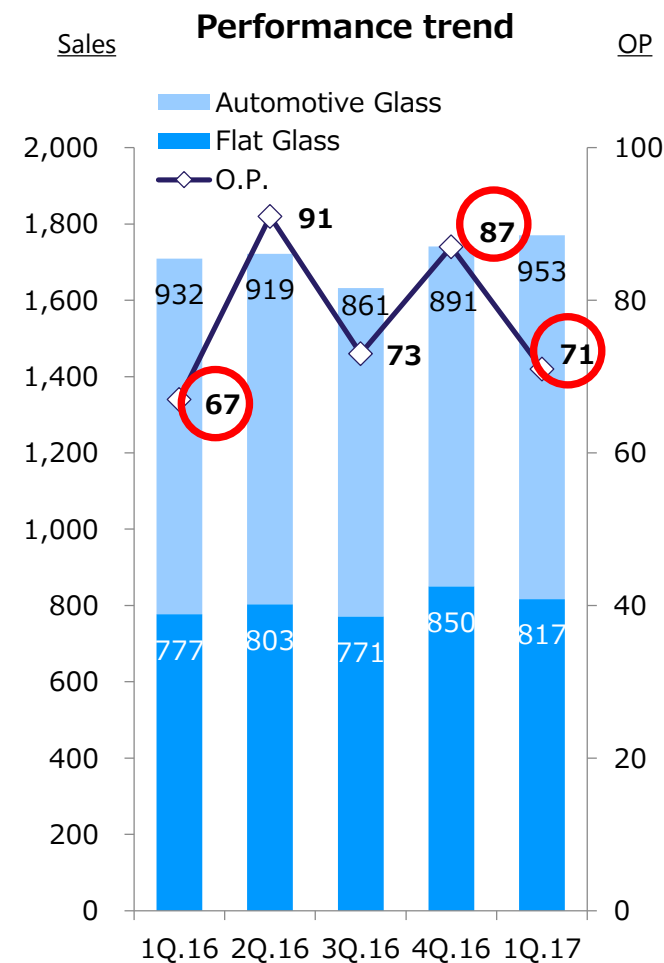
1Q

FY2016    **FY2017**    Change

Net sales            1,709        **1,770**        **+61**

Operating profit            67            **71**            **+4**

Breakdown of sales	Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	1,770	771	310	726	-37
Flat glass	817	288	127	431	-29
Automotive glass	953	483	183	295	-8
Adjustment inside segment	1	0	0	0	1



【YoY comparison for the first three months】

## [Architectural Glass]

- North America : Shipments remained favorable.
- Europe : Selling prices increased.
- Japan/Asia : At the same level as previous year.

## [Automotive Glass]

- The AGC Group's shipments increased as overall auto production remained favorable.

# Electronics Segment (1)

(100 million yen)

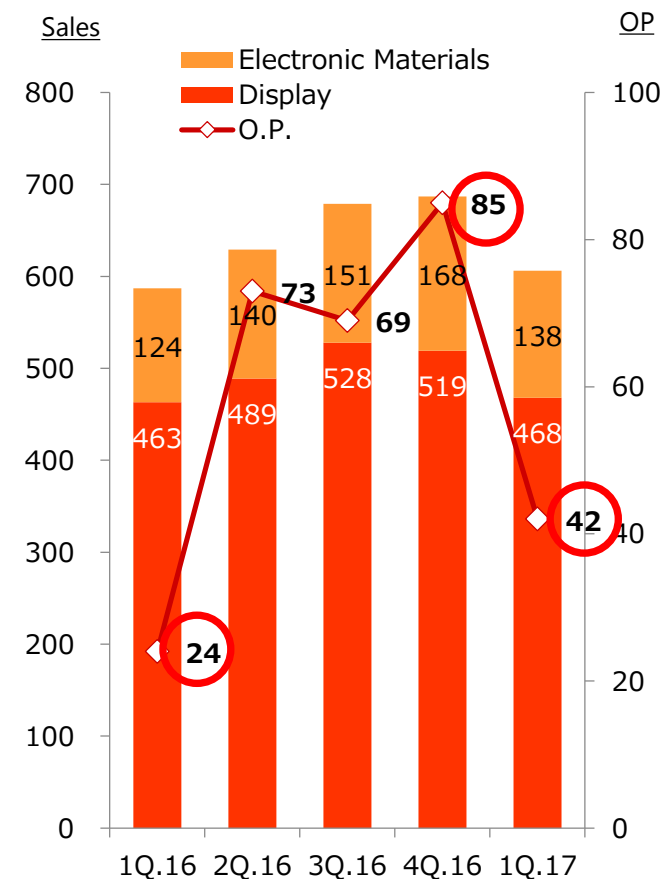
1Q

	FY2016	FY2017	Change
Net sales	587	<b>606</b>	<b>+19</b>
Operating profit	24	<b>42</b>	<b>+18</b>

## Breakdown of sales

Display	468
Electronic Materials	138

## Performance trend



【YoY comparison for the first three months】

## [Display]

- LCD glass substrates: Selling prices decreased but shipments increased.
- Specialty glass for display applications: Shipments increased.
- Cover glass for car-mounted displays: Shipments continued to expand.

## [Electronic Materials]

- Shipments of optoelectronics materials and semiconductor-related products increased.

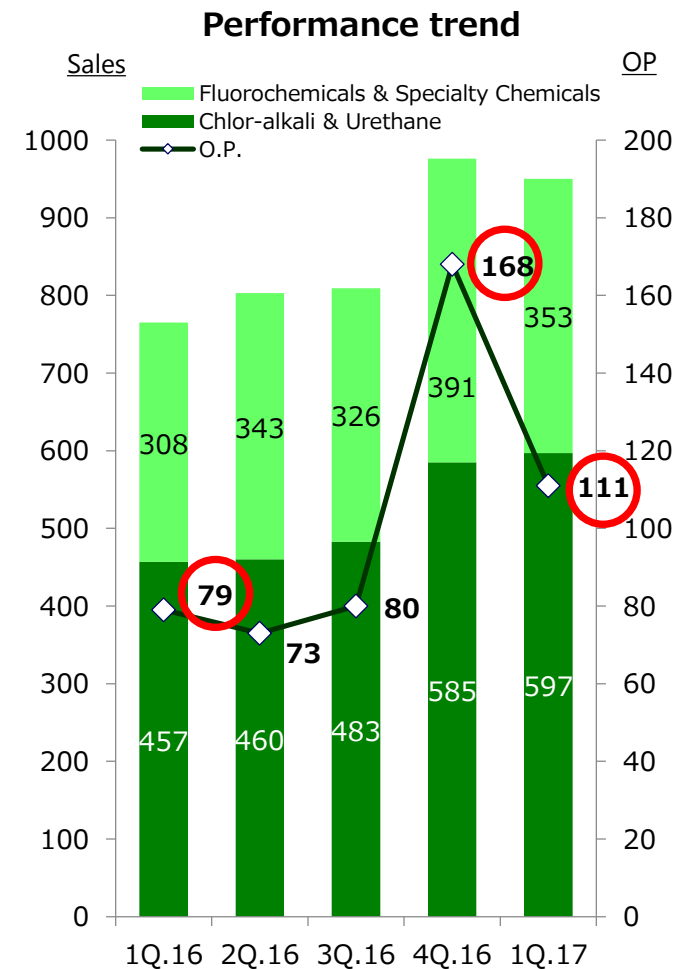


# Chemicals Segment (1)

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(100 million yen)

	1Q		
	FY2016	FY2017	Change
Net sales	726	<b>917</b>	<b>+191</b>
Operating profit	79	<b>111</b>	<b>+32</b>
Breakdown of sales			
Chlor-alkali & Urethane			597
Fluorochemicals & Specialty Chemicals			353
Elimination			-34



\* The figures are different from the results for the previous fiscal year disclosed previously because net sales for 2016 have been adjusted to reflect the reorganization.

【YoY comparison for the first three months】

〔Chlor-alkali & Urethane〕

- Shipments increased thanks to the capacity expansion of production facilities in Indonesia.
- (From March 2017) Consolidated Vinythai that AGC acquired.

〔Fluorochemicals & Specialty Chemicals〕

- (From February, 2017) Consolidated CMC Biologics that AGC acquired.
- Shipments of existing chemical products increased.

# YoY Performance Comparison by Business Segment

**AGC**

(100 million yen)

	1Q. FY2016	<b>1Q. FY2017</b>	Change	Change %
<b>Net sales</b>	3,080	<b>3,353</b>	+273	+8.9%
Glass	1,709	<b>1,770</b>	+61	+3.6%
Electronics	587	<b>606</b>	+19	+3.2%
Chemicals	726	<b>917</b>	+191	+26.3%
Ceramics/Other	168	<b>151</b>	-16	-9.8%
Elimination	-110	<b>-91</b>	+19	-
<b>Operating profit</b>	167	<b>222</b>	+55	+33.0%
Glass	67	<b>71</b>	+4	+6.2%
Electronics	24	<b>42</b>	+18	+75.4%
Chemicals	79	<b>111</b>	+32	+39.8%
Ceramics/Other	-4	<b>-3</b>	+1	-15.2%
Elimination	0	<b>1</b>	+1	-

# Quarterly Performance Comparison by Business Segment

(100 million yen)

	4Q. FY2016	<b>1Q. FY2017</b>	Change	Change %
<b>Net sales</b>	3,427	<b>3,353</b>	-73	-2.1%
Glass	1,734	<b>1,770</b>	+36	+2.1%
Electronics	687	<b>606</b>	-81	-11.8%
Chemicals	924	<b>917</b>	-7	-0.7%
Ceramics/Other	193	<b>151</b>	-41	-21.5%
Elimination	-111	<b>-91</b>	+20	-
<b>Operating profit</b>	341	<b>222</b>	-119	-34.9%
Glass	87	<b>71</b>	-15	-17.7%
Electronics	85	<b>42</b>	-43	-50.9%
Chemicals	168	<b>111</b>	-57	-33.9%
Ceramics/Other	3	<b>-3</b>	-6	-202.9%
Elimination	-1	<b>1</b>	+2	-

# YoY Performance Comparison by Geographic Segment

(100 million yen)

	1Q. FY2016	<b>1Q. FY2017</b>	Change	Change %
<b>Net sales</b>	3,080	<b>3,353</b>	+273	+8.9%
Japan & Asia	2,052	<b>2,276</b>	+224	+10.9%
Americas	383	<b>399</b>	+16	+4.2%
Europe	739	<b>786</b>	+47	+6.4%
Elimination	-94	<b>-108</b>	-14	-
<b>Operating profit</b>	167	<b>222</b>	+55	+33.0%
Japan & Asia	206	<b>271</b>	+65	+31.3%
Americas	6	<b>7</b>	+1	+14.7%
Europe	21	<b>21</b>	0	+2.0%
Elimination	4	<b>4</b>	0	-
Cross-regional common expenses	-70	<b>-81</b>	-11	-

# Quarterly Performance Comparison by Geographic Segment

(100 million yen)

	4Q. FY2016	<b>1Q. FY2017</b>	Change	Change %
<b>Net sales</b>	3,427	<b>3,353</b>	-73	-2.1%
Japan & Asia	2,447	<b>2,276</b>	-171	-7.0%
Americas	358	<b>399</b>	+41	+11.5%
Europe	724	<b>786</b>	+62	+8.5%
Elimination	-102	<b>-108</b>	-6	-
<b>Operating profit</b>	341	<b>222</b>	-119	-34.9%
Japan & Asia	376	<b>271</b>	-106	-28.1%
Americas	38	<b>7</b>	-31	-81.2%
Europe	12	<b>21</b>	+10	+85.5%
Elimination	-1	<b>4</b>	+5	-
Cross-regional common expenses	-83	<b>-81</b>	+2	-

# The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1Q.FY2016)

**AGC**

(100 million yen)

Net sales	Consolidated total*	Glass	Electronics	Chemicals
1Q. FY2017	<b>3,353</b>	<b>1,770</b>	<b>606</b>	<b>917</b>
Change vs. 1Q. FY2016	+273	+61	+19	+191
Change like-for-like vs. 1Q. FY2016	+247	+105	+20	+120
Impact of FOREX	-63	-48	-1	-14
Impact of Change in the Scope of Consolidation	+89	+4	-	+85

\* The sum of the segment amounts may not equal the amount of consolidated total, because it includes the amount of Other Segment and elimination.

# Outlook for FY2017



**Net sales**                                    **1,350.0 billion yen (up 67.4 billion yen YoY)**

**Operating profit**                           **105.0 billion yen (up 8.7 billion yen YoY)**

**Profit for the year**                    **66.0 billion yen (up 18.6 billion yen YoY)**  
**attributable for the owners of the parent**

- ✓ Net sales is forecast to increase thanks to increased shipments of chemicals.
- ✓ Operating profit is forecast to increase thanks to increased shipments and cost reduction.
- ✓ Other expenses are forecast to decrease.
- ✓ The tax refund for withholding tax paid in the past was included above forecast.

# FY2017 Forecast (2)

**AGC**

		FY2016	FY2017 Forecast	Change	(100 million yen) Change%
<b>Net sales</b>		12,826 (6,249)	<b>13,500</b> <b>(6,500)</b>	+674 (+251)	+5.3% (+4.0%)
<b>Operating profit</b>		963 (399)	<b>1,050</b> <b>(450)</b>	+87 (+51)	+9.0% (+12.8%)
<b>Profit before tax</b>		676	<b>930</b>	+254	+37.6%
<b>Profit for the year attributable to owners of the parent</b>		474	<b>660</b>	+186	+39.1%
<b>Dividend (yen/share)</b>		18	<b>20</b>		
<b>Operating profit margin</b>		7.5%	<b>7.8%</b>		
<b>ROE</b>		4.3%	<b>6.0%</b>		
<b>Forex (Average)</b>	JPY/USD	108.84	<b>110.0</b>		
	JPY/EUR	120.33	<b>120.0</b>		
<b>Crude oil</b>	\$/BBL(Dubai)	41.5	<b>55.0</b>	*	

(※) ( ) shows First-half

(※) ROE of FY2017 Forecast is calculated by using the Total equity attributable to owners of the parent as of Dec.31, 2016.

(※) Dividend(yen/share) for FY2017 Forecast excludes the impact of the consolidation of shares scheduled on July 1, 2017

## [Glass]

- Architectural Glass

Shipments are expected to make a gradual increase in many regions.

- Automotive Glass

Shipments are expected to remain favorable as a whole despite uncertainty over recovery of the automobile demand in some emerging countries.

## {Electronics}

- Shipments of LCD glass substrates are expected to increase. The range of price decline is expected to shrink.
- Shipments of specialty glass for display applications are expected to increase.
- Shipments of cover glass for car-mounted display are expected to continue to expand.
- Shipments of optoelectronic materials and semiconductor-related materials are expected to increase.

## {Chemicals}

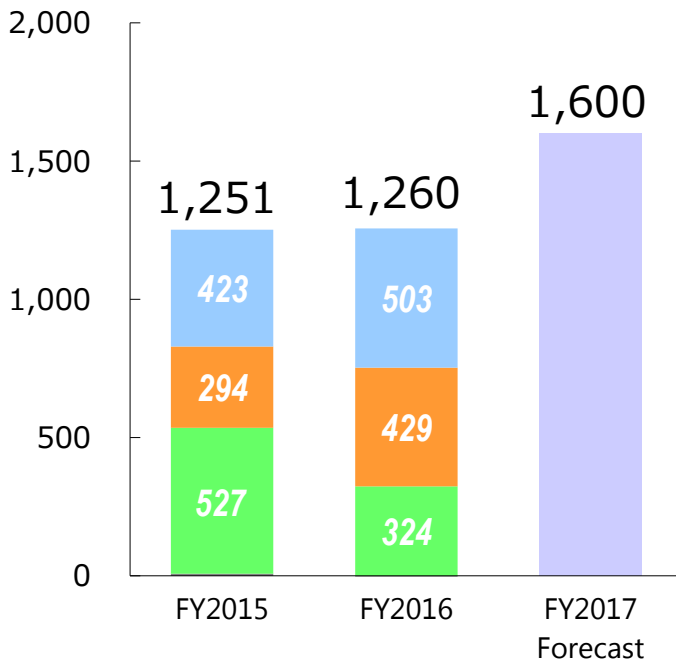
- The companies that AGC decided to acquire in the previous year have become consolidated in the AGC Group's financial statements.
- Shipments of chlor-alkali products are expected to increase as the capacity expansion at manufacturing facilities in Indonesia will contribute to the business performance throughout the year.
- Shipments of fluorine products and life science products are expected to be favorable.

# CAPEX / Depreciation / R&D

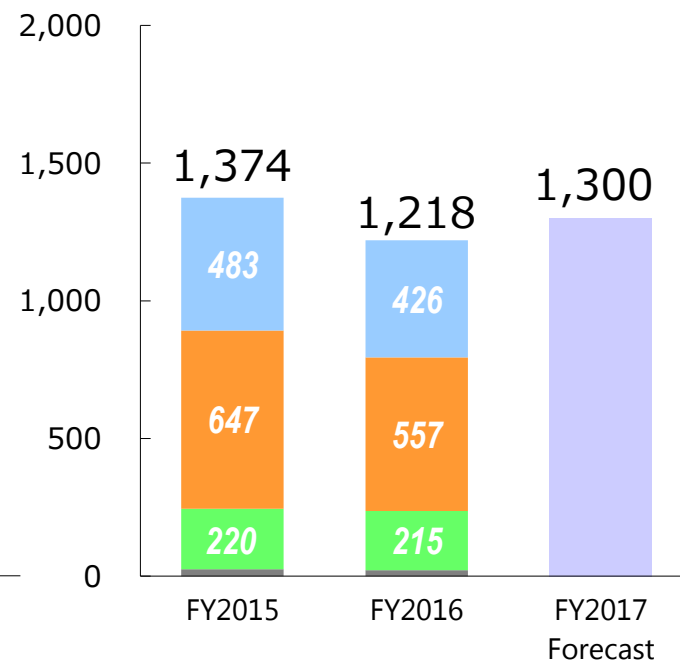
AGC

(100 million yen)

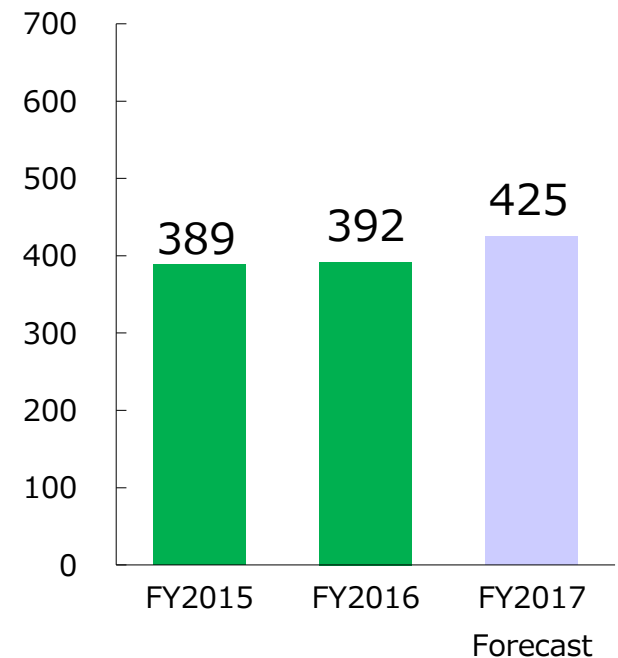
## CAPEX



## Depreciation



## R&D

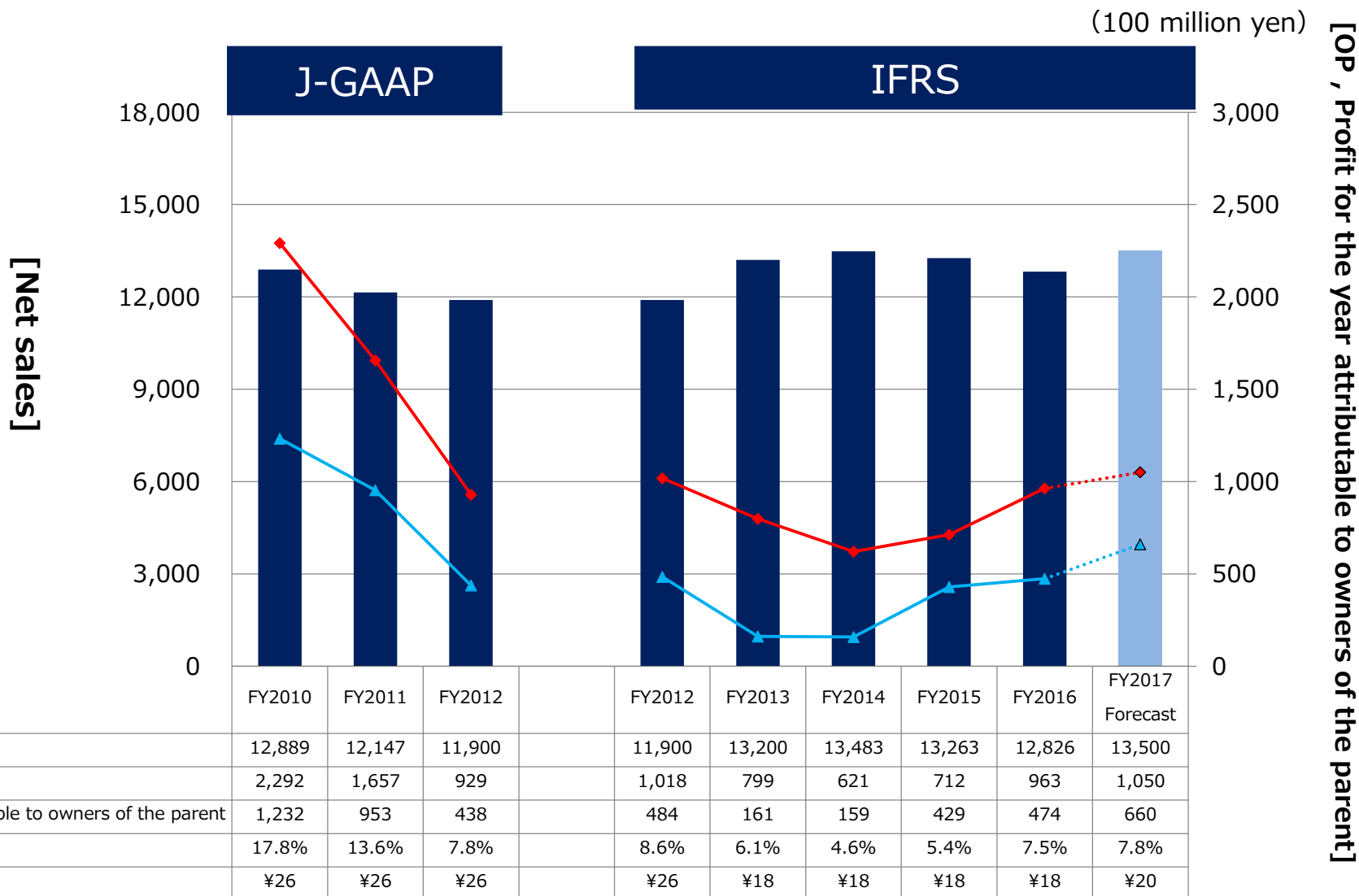


■ Glass ■ Electronics ■ Chemicals ■ Ceramics / Other

# Appendix

# Changes in the Financial Results

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(※) Dividend(per share) for FY2017 Forecast excludes the impact of the consolidation of shares scheduled on July 1, 2017



		J-GAAP					IFRS				
		08/12	09/12	10/12	11/12	12/12	12/12	13/12	14/12	15/12	16/12
Return on equity <sup>*1</sup>	%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%	3.9%	4.3%
Return on assets <sup>*2</sup>	%	7.8%	4.8%	12.9%	9.6%	5.2%	5.6%	4.0%	3.0%	3.5%	4.9%
Equity ratio	%	40%	42%	46%	48%	50%	47%	51%	54%	55%	55%
Debt/Equity ratio	times	0.77	0.74	0.60	0.57	0.54	0.56	0.50	0.42	0.40	0.37
CF from Operating Activities/Interest-bearing debt	times	0.34	0.30	0.56	0.31	0.31	0.32	0.29	0.27	0.40	0.47
Earnings per share	Yen	33.53	17.12	105.52	81.90	37.88	41.90	13.97	13.77	37.12	41.03
EBITDA <sup>*3</sup>	100 million yen	2,199	1,873	3,084	2,594	1,928	2,000	1,866	1,859	2,284	1,910

\*1 [J-GAAP] Return on equity = Net Income / (Shareholders' Equity (average) + Accumulated other comprehensive income (average))

[ I F R S ] Return on equity = Profit for the year attributable to owners of the parent / Total equity attributable to owners of the parent (average)

\*2 Return on assets = Operating profit / Total assets (average)

\*3 Earnings before interest, tax, depreciation and amortization(EBITDA) = Profit before tax + Depreciation + Interest expenses

Exchange rates		FY2016				FY2017		
		1Q	2Q	3Q	4Q	1Q		
JPY / USD	Average	115.48	108.14	102.43	109.30	108.84	113.64	110.0 <sup>*4</sup>
	At quarter end	112.68	102.91	101.12	116.49	116.49	112.19	
JPY / EUR	Average	127.23	122.02	114.28	117.78	120.33	121.08	120.0 <sup>*4</sup>
	At quarter end	127.70	114.39	113.36	122.70	122.70	119.79	

\*4 Assumption for FY2017

# Major Press Release in FY2017

Date	Summary
January 17	AGC Unveils Innovative Glass Substrates for Semiconductor Packaging
February 1	AGC Asahi Glass to Establish New R&D System for seamless research and open collaboration
February 2	AGC Asahi Glass to Exhibit at Milan Design Week 2017, One of the World's Largest Design Festivals
February 7	Announcement regarding Share Repurchases
February 23	AGC Completes Acquisition of Vinythai PCL
March 6	AGC Launches Global Sales of SURECO™, a High-Performance Fluorinated Coating
May 1	AGC Asahi Glass WONDERLITE™ Adopted for Luxury Train, "Train Suite Shiki-shima"

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## **AGC Asahi Glass**

1-5-1, Marunouchi,  
Chiyoda-ku, Tokyo 100-8405 JAPAN

inquiries:

Corporate Planning Division / Corporate Communications & IR Office

E-mail : [investor-relations@agc.com](mailto:investor-relations@agc.com)

Tel : +81(0)3-3218-5096

Fax : +81(0)3-3201-5390

[www.agc.com](http://www.agc.com)