

QA during the Presentation of Financial Results
for the Nine Months of FY2017 Ending December 2017

【Overall company】

Q1 With regard to the share repurchase program (worth 15 billion yen) announced recently, AGC already repurchased shares of 10 billion yen in February this year. Please explain the Company's shareholder return policy.

A1 AGC is aiming at the consolidated total shareholder return of 50% or more. The repurchase of shares of 10 billion yen announced in February this year was a return measure for FY2016. Assuming that dividends remain at the current year's level, the annual dividend payment of about 23 billion yen and the share repurchase of about 15 billion yen add up to about 38 billion yen. Assuming that profit for the year attributable to the parent for the current year will be 64 billion yen as is forecast, the total return ratio will come to approximately 59%.

Q2 With regard to the outlook for 4Q, to sum up the explanation presented in the reference material, operating profit for the full year will likely be 115 billion plus alpha. Does this imply that the Company is confident about achieving an operating profit of more than 115 billion yen?

A2 We can't give you a specific figure right now, but we believe at this time that the Company's operating profit will exceed that level.

【Glass】

Q1 You have explained that the price of architectural glass in Europe increased compared to last year. How about in comparison to the second quarter?

A1 As for the price of architectural glass in Europe, the price of clear float glass in 3Q has changed little over 2Q. The price of clear float glass has increased to almost the desirable level, and therefore the current price increase is only small. On the other hand, prices of other architectural glass products still have room to increase.

Q2 Please explain the status of the cost increase in automotive glass in Europe, which you mentioned in 2Q.

A2 The situation has bottomed out and is turning for the better. However, there is a shortage of supply. The start-up of production facilities in Morocco, which are under

construction, is necessary to eliminate the supply shortage.

【Electronics】

Q1 What are the contributions of the display business and the electronics materials business to the profit increase in the Electronics segment?

A1 The overall trend in the Electronics segment is that the segment's operating profit is slightly above the previous year's level, with the profit decrease in the display business being more than offset by the profit growth in the electronic materials business. The display business and the electronics materials business contributed to an equal degree to the profit increase in the Electronics segment from 2Q to 3Q.

Q2 With regard to the price of LCD glass, you have said that the profit from LCD glass is declining from a year earlier. Will the price fall range in LCD glass be such that the Company can make up for the price decline with a sales volume increase to maintain profit levels?

A2 We have been working to have cost reductions keep pace with the price fall. Excluding the effect of local currency appreciation that caused costs to increase, we are very close to that situation. If we can achieve year-on-year profit growth, even slightly, in the Electronics segment as a whole this year, it will be the first time since 2010. We will work hard to achieve it.

Q3 What are products in the electronics material business are showing shipment volume growth?

A3 Shipments of electronics materials are affected by seasonal factors and shipment volumes normally increase more in 2H than in 1H. Shipments of the main products in electronics materials (semiconductor-related materials and optical materials) are generally strong. For instance, shipment volumes of CMP Slurry, optical materials and EUV mask blanks are steadily increasing.

Q4 What are the shipment trends of cover glass for smartphones and car-mounted displays and their impact on the earnings?

A4 The shipment volumes of both products are growing compared to last year. In particular, the shipment volumes of cover glass for car-mounted displays have increased sharply. Meanwhile, they will contribute little to this year's earnings because they are a new business just starting up.

【Chemicals】

Q1 You have explained that the projection for profit growth in the Chemicals segment for 4Q is smaller than that the profit growth for 3Q. Isn't it the case that the Chemicals segment's profit growth rate from 3Q to 4Q is normally higher than that of other quarters due to the contribution from the life science business, etc.?

A1 Shipment volumes in the life science business increase more in 4Q than in other quarters in a normal year, but growth in shipment volumes in 4Q will be limited this year. In addition, the shipment volumes in the chlor-alkalis business have already been at a very high level. Considering these factors, we are not projecting significant profit growth in 4Q this year as we would experience in a normal year.

Q2 With regard to the chlor-alkalis business in Southeast Asia, the price of ethylene, its raw material, has risen very sharply since July. What was the impact of the surge in price on 3Q earnings?

A2 The price of ethylene has risen sharply, but the spread has not deteriorated much because the supply of PVC is also tight, and we have been able to pass along the price increase of ethylene. The supply of caustic soda is also tight, and its price is at a very high level. We figure that the impact of the price increase of ethylene at this time will not cause the profit in the chlor-alkalis business to decline. In addition, production of shale gas-derived product will be increased significantly in North America through next year, and we therefore expect that the price of ethylene is going to go down in the long run.

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