

AGC to pull out of the business for Glass Substrates used in HDDs

Tokyo, October 31, 2016—AGC Asahi Glass (AGC) announced that it had stopped production of glass substrates for HDDs at AGC Glass Substrate (Guangdong) Co., Ltd. in Guangzhou, Guangdong, China at the end of September 2016, and has decided to pull out of the business for glass substrates used in HDDs.

AGC produced glass substrates mainly for 2.5-inch HDDs. However, with slower sales of notebook PCs and the rise of SSDs (storage devices that use a flash memory as the storage medium), demand for 2.5-inch HDDs has weakened. Demand is expected to be about 210 million units in 2016, down from about 312 million units in 2010, with a further decline forecast in the future.

Under such a market environment, AGC saw orders received for glass substrates for 2.5-inch HDDs decrease more than expected, and its profitability from the business for glass substrates used in HDDs deteriorated rapidly beginning in the first half of this year. Although the Company made every effort to cut costs, including reductions in workforces at manufacture bases, it is likely to be inevitable that sales of glass substrates for HDDs will continue to fall.

Considering these factors, AGC has decided to pull out of the business for glass substrates used in HDDs. Nevertheless, the Company will continue the technical development of glass materials for HDDs, while cooperating with the HDD industry, through activities such as the development and supplying of raw glass.

As a result of the above decision, AGC is expected to book expenses for restructuring programs of approximately 5 billion yen for the year ending December 2016. However, the Company will make no revision to its consolidated earnings forecast for the period associated with this decision (to be announced on October 31, 2016).

<Reference Information>

About the AGC Group

AGC Asahi Glass (or also called AGC, Registered Company name: Asahi Glass Co., Ltd., Headquarters: Tokyo, President & CEO: Takuya Shimamura) is the parent company of the AGC Group, a world-leading glass solution provider and supplier of flat, automotive and display glass, chemicals, ceramics and other high-tech materials and components. Based on more than a century of technical innovation, the AGC Group has developed a wide range of cutting-edge products. The AGC Group employs some 50,000 people worldwide and generates annual sales of approximately 1.3 trillion Japanese yen through business in about 30 countries. For more information, please visit www.agc-group.com.

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