

FOR IMMEDIATE RELEASE

Progress on the Mid-term Management Plan and Measures for 2014 and onward

—Bringing the Group’s business back on the growth path—

Tokyo, February 7, 2014— AGC (Asahi Glass Co., Ltd.; Headquarters: Tokyo; President & CEO: Kazuhiko Ishimura) announces the progress of the AGC Group’s mid-term management plan *“Grow Beyond-2015”* for fiscal years 2013-2015, and the measures it will take this year and onward with the aim of bringing its business back on the growth path.

1. Progress on the mid-term management plan, and revision to numerical targets

Under *“Grow Beyond-2015”*, the mid-term management plan for fiscal years 2013-2015, the AGC Group has been implementing various measures toward its goal of becoming a truly strong AGC Group. Specifically, the Group aims to achieve the following two targets during these three years: “strengthening its growth foundations and generating substantial results from them” and “bringing the business back on an upward trend.”

In the first year of the mid-term management plan, the Group aggressively implemented measures to boost its business performance. Its financial results for 2013, however, saw a decline in profit due to two unexpected factors. One is that the continued depreciation of the Japanese yen affected the profitability of overseas subsidiaries engaged in display businesses. The other is a delayed recovery of the architectural glass business in Europe because of the sluggish demand in Western and Central Europe, and deceleration of the Russian economy.

In light of such harsh business environment, the AGC Group has reviewed and revised the details of the mid-term management plan. Capital expenditure for 2014-2015 was reduced by 20 billion yen to 280 billion yen. R&D expense for the same period was reduced by 10 billion yen to 90 billion yen. In addition, the target year for achieving a return on equity (ROE) of 12% or above was revised to fiscal 2020 from the current target of fiscal 2015, and the short-term target was set at 5%. The debt-to-equity ratio (D/E) remains to be 0.5 or less as set under the initial plan.

2. Group’s measures for 2014 and onward

To become a truly strong AGC Group, the Group will take the following measures in 2014 and onward.

(1) Bringing the business back on an upward trend

● Turn around the performance of the glass business

The pressing issue facing the Group's glass business is improvement in the profitability of the flat glass business in Europe.

For the flat glass business in Europe, the AGC Group has implemented a structural reform to achieve a quick business recovery, including improvement of the supply and demand balance through termination of furnace operations and plant closure in Western Europe, and streamlining of back office staff. In 2014, the Group will continue to promote the ongoing structural reform such as termination of the production of photovoltaic cover glass (patterned glass) in Europe.

For the architectural glass business in North America, the AGC Group accelerated the release of new products and high value-added products to the markets in an effort to strengthen its sales, and implemented cost improvement measures by revising the Group's production system. Despite such initiatives, production trouble and other factors affected its business performance and the operating income for 2013 did not make improvement. In 2014 and onward, the AGC Group will take further measures in addition to ongoing initiatives to increase the profitability in the North American region. Specifically, it will place more emphasis on the housing market which has been less focused as compared with the commercial building market. Also, the Group aims to ensure a stable facility operation and improve the productivity.

By improving the profitability of the overall glass business through above measures, the AGC Group will eliminate the deficit in the glass business in 2014 and restore and maintain a surplus in 2015 and onward.

● Minimize the profitability decline in the display business

The AGC Group will strive to minimize the profit decline of the display business by expanding its business in promising markets such as the Chinese market and small/mid-sized markets and, at the same time, by further improving productivity with the use of high-efficiency production facilities and promoting cost reduction through optimization of group-wide operations of the existing production bases.

● Group-wide efforts to enhance efficiency across the Group

In addition to earnings improvement measures taken by each business segment, the AGC Group will carry out a group-wide cost reduction initiative to build up overall corporate strength. This group-wide project is aimed to increase the efficiency of the overall business operation from receiving orders to product shipment and also the efficiency of R&D and administrative operations.

(2) Strengthening the Group's growth foundations and generating substantial results

- **Enhance business in fast-growing countries and regions**

Under its “Second-round of Globalization” strategy, the AGC Group has made aggressive investments in fast-growing countries and regions in recent years. Together with its new production facilities in Brazil, China and Indonesia that are already in operation, new production bases in Mexico and Vietnam, and facility expansion of some existing production bases will solidify the Group's business foundation in fast-growing countries and regions.

Going forward, the AGC Group will capture the growth of fast-growing markets, and secure and increase the profit contribution from investments in these markets.

- **Accelerate new product launches and promote sales expansion**

The AGC Group has released new products in recent years, including 99% UV-blocking “UV Verre Premium” series and AN Wizus, a display glass substrate with super-low thermal shrinkage. The Group will continue to release new products, expand sales and accelerate profit generation in each of the business domains: “Safe, Sound & Comfortable Living Spaces and Materials,” “Higher Quality Display Devices & Communication” and “Clean & Green Energy.”

A representative example is glass for chemical strengthening. Its product lineup has been expanded with the release of Dragontrail X, a specialty glass for chemical strengthening for electronic devices with increased strength from the existing product. The AGC Group will expand sales of this specialty glass through diversification of applications to include the markets for vehicles, photovoltaic power generation, and building materials by utilizing its wide-ranged business channels.

- **Growth in Chemicals business**

Chemicals business is one of the most promising growth drivers among business segments for the Group to pursue the goal of strengthening its growth foundations and generating substantial results from them.

In Southeast Asia, which is one of the emerging markets in the world, the AGC Group already has a significant market share for caustic soda and other products. By using such business base and also by making aggressive investments in Indonesia and Vietnam, the Group will capture market growth of the region.

In addition, the Group will aim to expand sales of high-performance fluorinated products such as pharmaceutical and agrochemical intermediates, which is expected to see demand increase, and of a new refrigerant, which has overwhelmingly low global-warming potential as compared to conventional products.



By steadily and quickly implement the above measures, the AGC Group will turn around the current business performance during the mid-term management plan period. At the same time, the Group aims to achieve mid-and-long term growth by establishing and strengthening, and generating profits from its three strategies “Glass-technology-driven Company,” “Second Round of Globalization” and “Technology Solutions for Environment and Energy.”

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