

Medium-Term Management Plan
“Grow Beyond-2015”
Review

February 7, 2014

AGC ASAHI GLASS CO., LTD.

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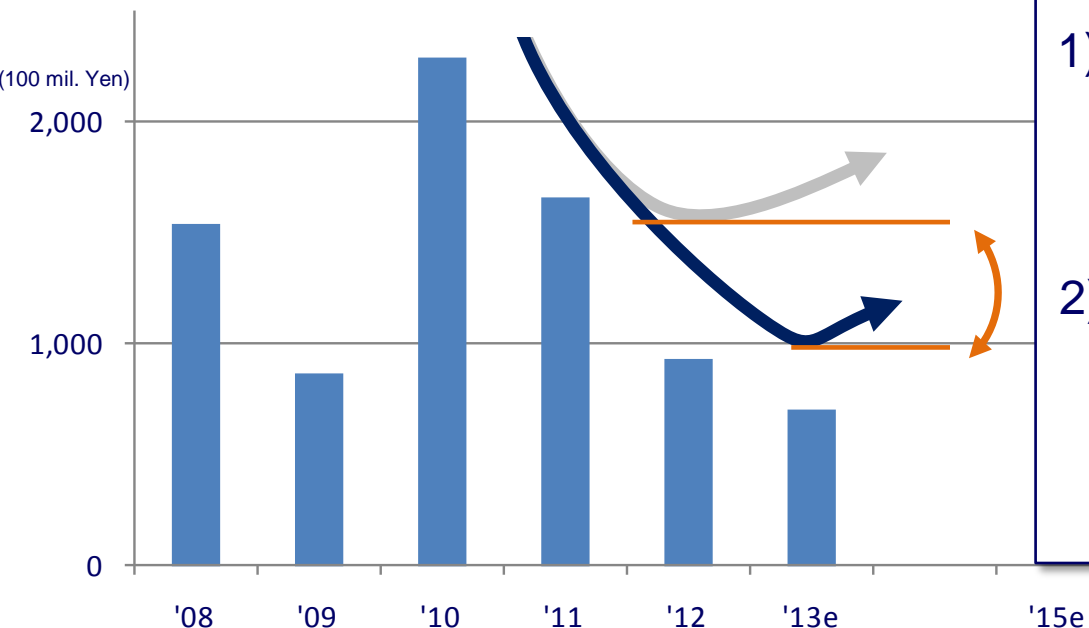
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I . *“Grow Beyond-2015”*
progress in 2013

"Grow Beyond-2015" progress in 2013 (1)

-Slow start due to yen depreciation and delayed recovery in Europe -

【Operating income trend】



What went wrong?

- 1) Impact of considerable depreciation of the yen in Asian region has offset cost reduction efforts in the display business
- 2) Slower than expected business recovery of the flat glass business in Europe due to such impact as economic slowdown in Russia

Note: Chart above is based on JGAAP

"Grow Beyond-2015" progress in 2013 (2)

【Financial Targets】

	Target	2013
ROE	12% or above	1.6%
D/E	0.5 or less	0.5

【Capex / R&D】

	Total	2013
Capex	440 B yen	138.5 B yen
R&D	150 B yen	46.9 B yen

【Progress toward the projected business outline in 2020】

	2012 Actual	2013 Actual	2020 Target
Emerging markets	20%	24%	30%
Environment-related	17%	15%	30%
New products	11%	12%	30%

II. *“Grow Beyond-2015”* Revision of the target

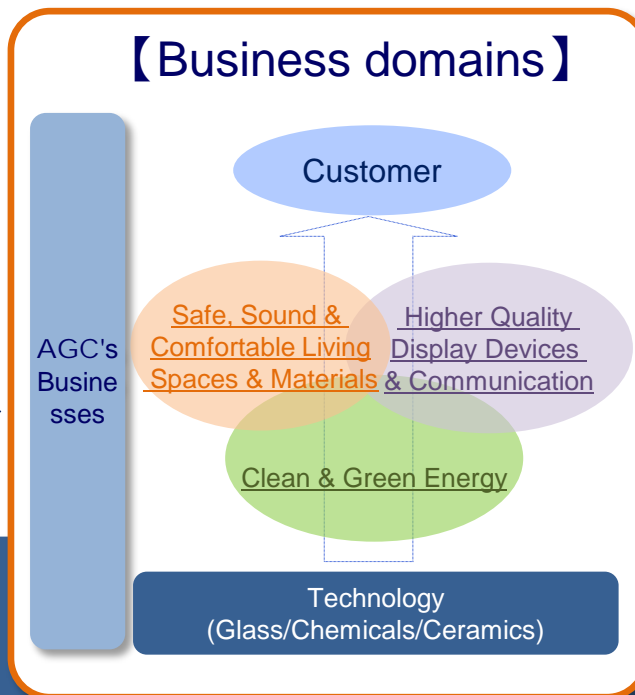
Strengthen growth foundations and generate substantial results from them

- No change in the Group's three strategies and business domains -

【Three Strategies】



【Business domains】

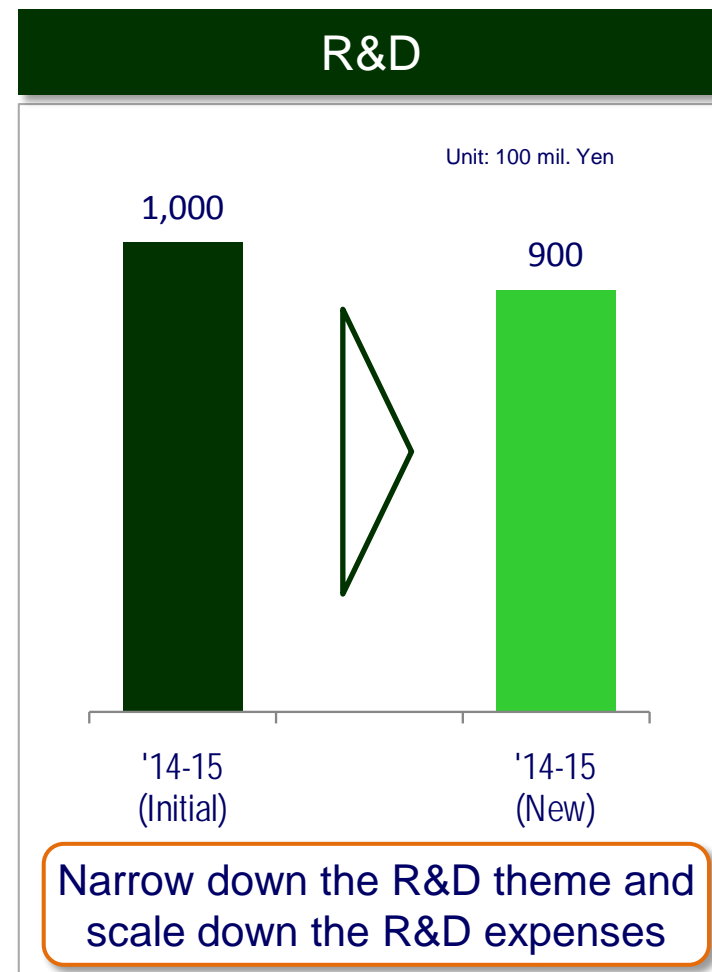
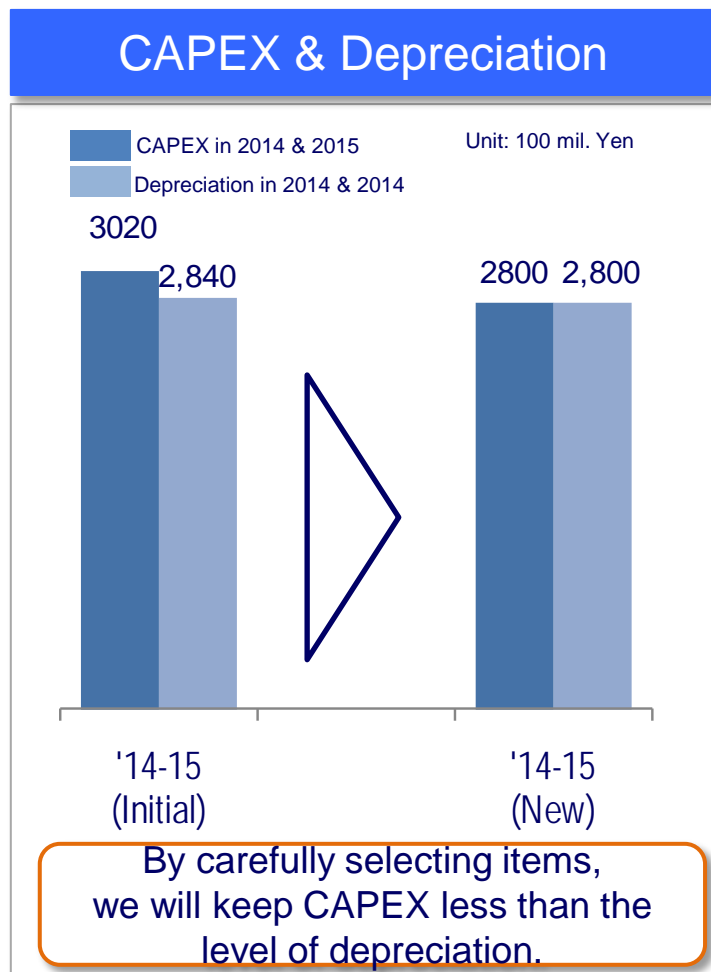


**Business
= Growth**

**Comprehensive strength of
the AGC Group**

Revision to "Grow Beyond-2015" (1)

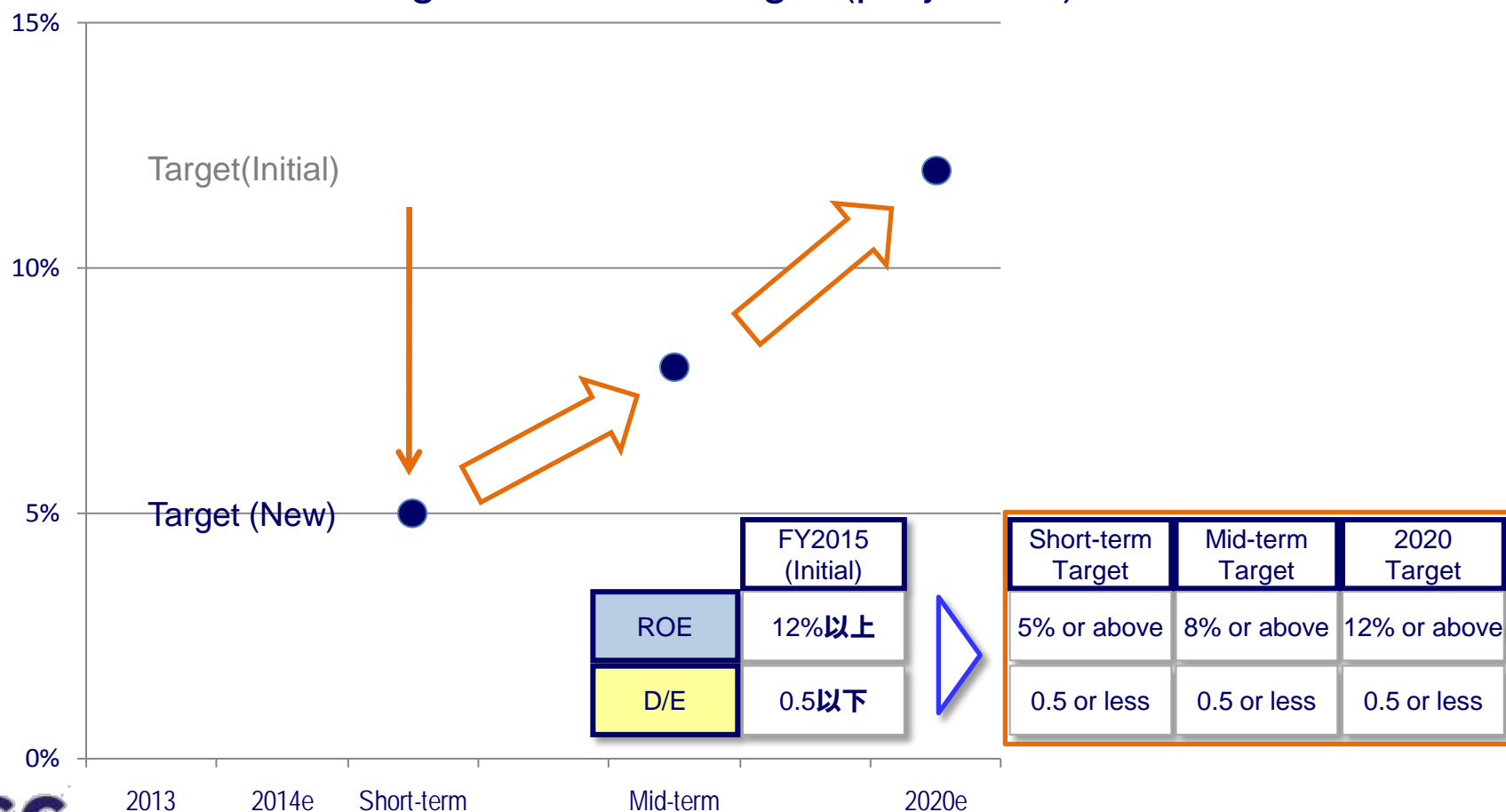
- Select investments and continue to invest in selected growth areas -



Revision to "Grow Beyond-2015" (2)

- Aim at ROE of 12% or above in 2020 -

【Progress of ROE target (projection)】



III. *“Grow Beyond-2015”*

Measures to be taken in 2014 onwards

AGC Group in 2014 & 2015

- Achieve a "truly strong" AGC Group -



Priority issues in 2014 onwards

Action items

Bring our business
back on an upward trend

Strengthen/generate substantial
results from growth foundations

Priority issues

Turn around the performance of the glass
business in 2014

Minimize the profitability decline in the display
business

Group-wide efforts to enhance efficiency across
the Group

Turn around the performance of the glass business

Priority issues

Turn around the performance of the glass business in 2014

Minimize the profitability decline in the display business

Group-wide efforts to enhance efficiency across the Group

Top priority

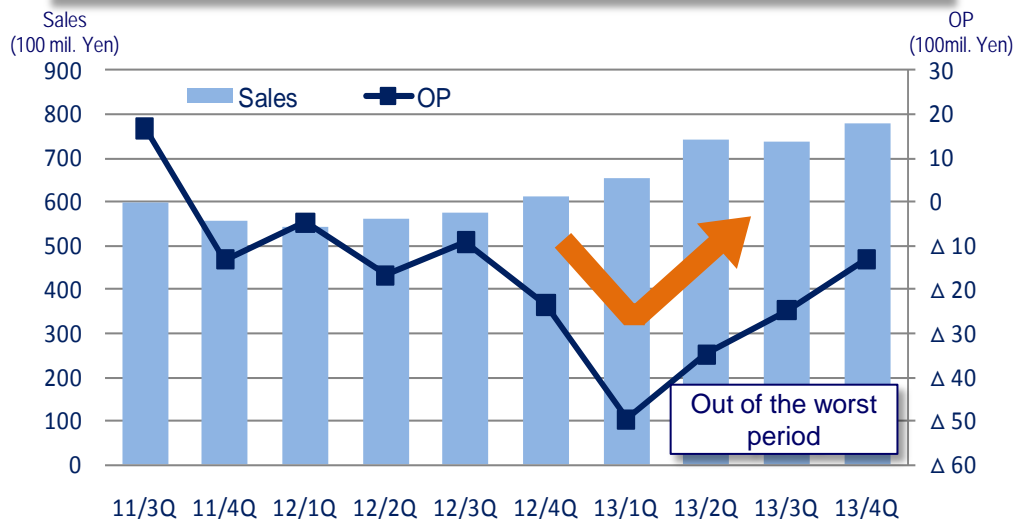
Bring Europe's architectural glass & solar glass business back to upward trend

Bring North America's architectural glass back to upward trend

Bring Europe's architectural glass and solar glass business back to upward trend

- Aim to return to the profit level of 2012 in 2014 -

Performance trend in Europe



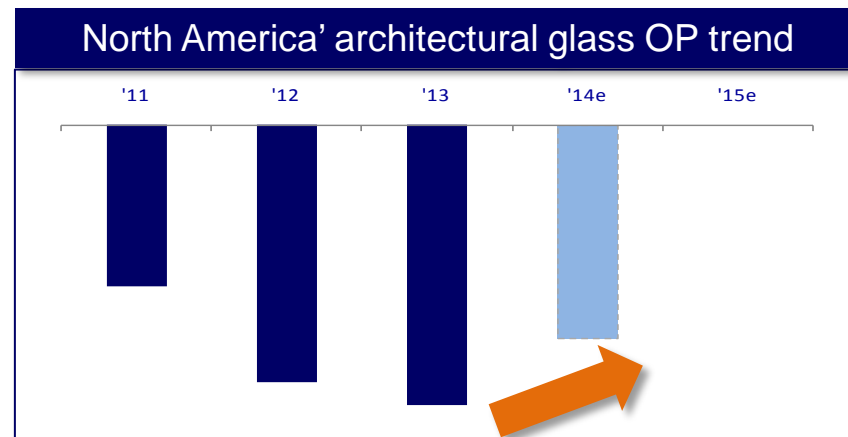
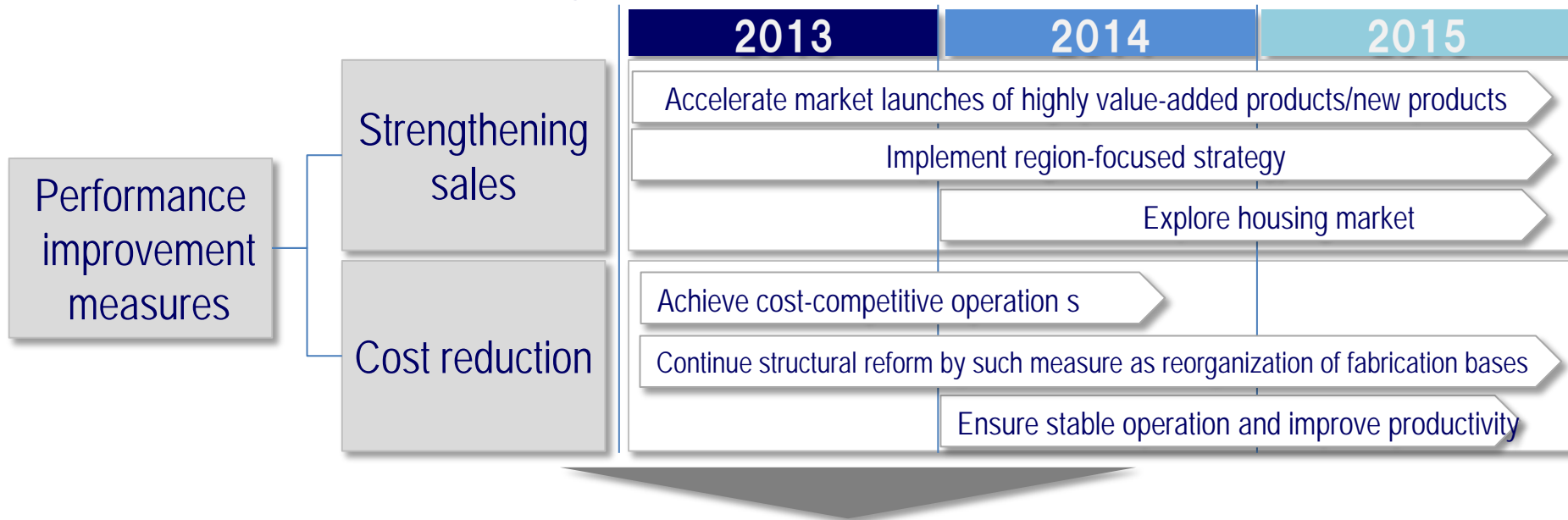
We will pursue structural reforms, including reduction in fixed cost, etc. (approx. 5 billion yen)

Progress of restructuring measures in Europe

- ☆ Stop a float furnace in Italy and Belgium
- ☆ Stop a furnace in Netherland
- ☆ Shut down a plant in Italy
- ☆ Announce reduction of manpower of back office by 300
- ☆ Stop a float furnace in France
- ☆ Start consideration of stoppage of PV Cover production in Belgium

Bring North America's architectural glass back to upward trend

- Continue to strengthen sales and pursue cost reduction -



Minimize the profitability decline in the display business

Priority issues

Turn around the performance of the glass business in 2014

Minimize the profitability decline in the display business

Group-wide efforts to enhance efficiency across the Group

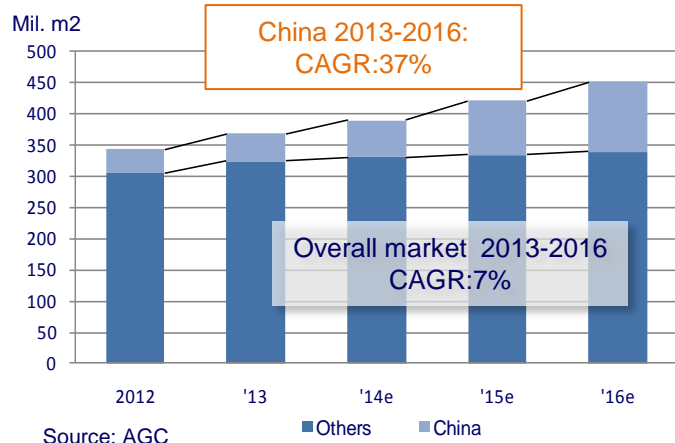
Minimize the profitability decline in the display business

- Business growth in growing markets and promote cost reduction -

Growth in the growing market

- Chinese market
- Small-mid size display market

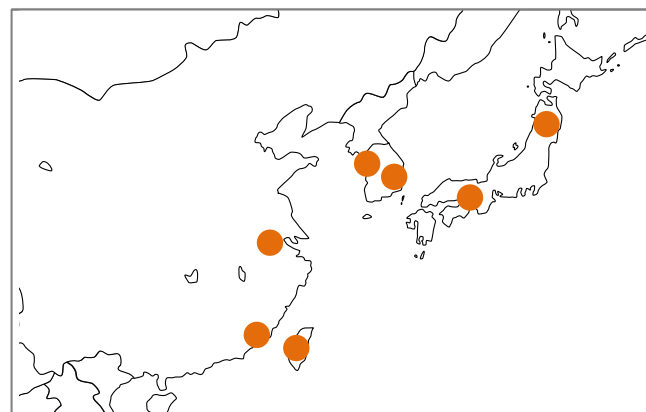
【LCD glass demand by region】



Enhance cost reduction

- Further improve productivity by utilizing high-efficiency manufacturing facilities
- Optimize overall production bases

【Display glass production bases】



Minimize the degree of profit decline

Group-wide efforts to enhance efficiency across the Group

Priority issues

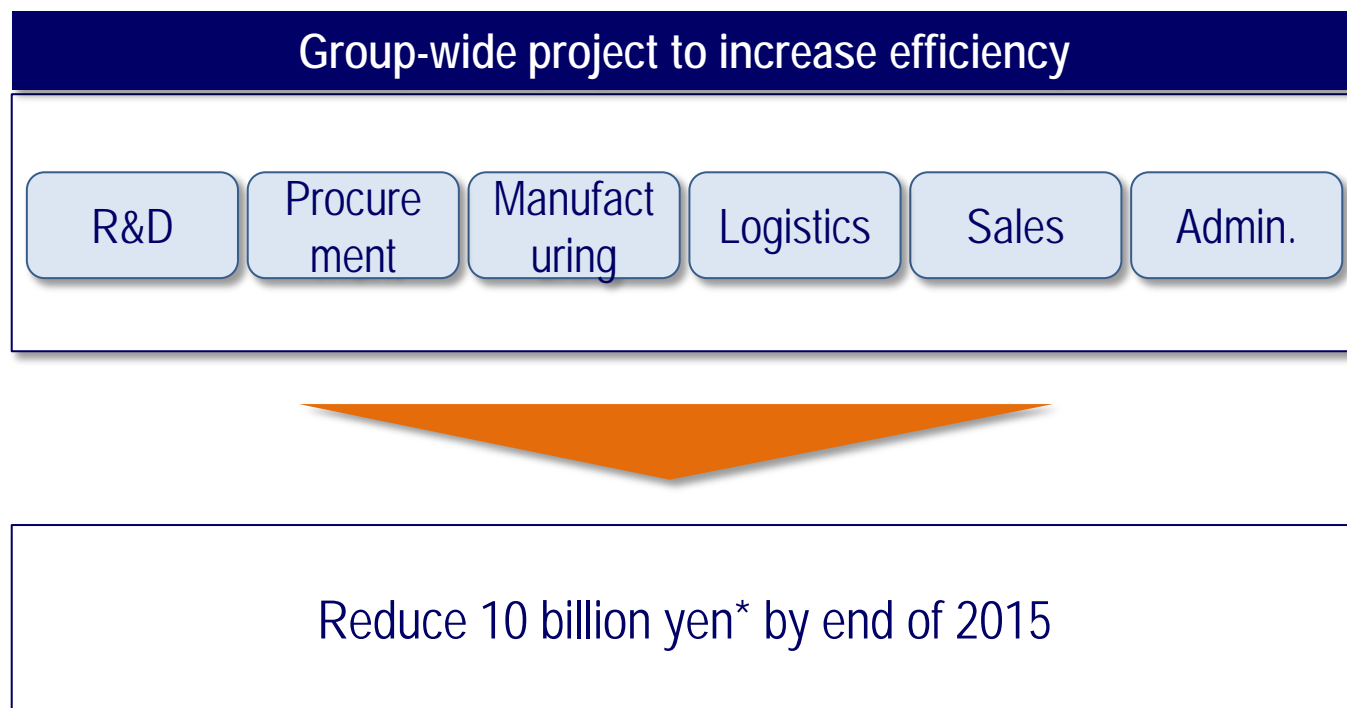
Turn around the performance of the glass business in 2014

Minimize the profitability decline in the display business

Group-wide efforts to enhance efficiency across the Group

Group-wide efforts to enhance efficiency across the Group

- Reduce 10 billion yen by end of 2015 -



*: 2015 vs. 2013

Priority issues in 2014 and onwards

Action items

Bring our business
back on an upward trend

Strengthen/generate substantial
results from growth foundations

Priority issues

Enhance business in fast-growing countries

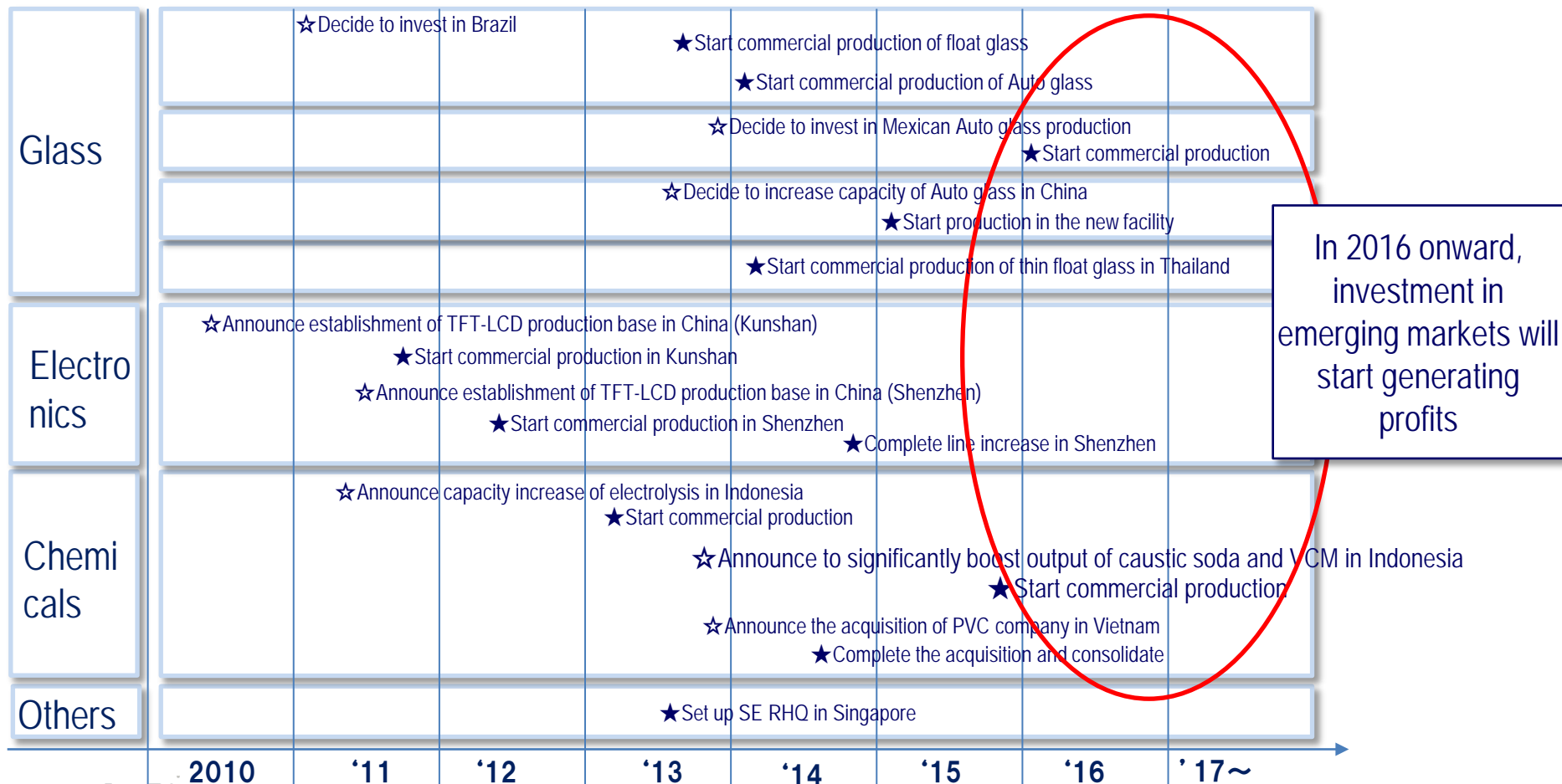
Accelerate new product launches and promote
sales expansion

Growth in Chemicals business

Enhance business in fast-growing countries

- Aggressively invest in the markets to capture growth opportunities -

【Grow Beyond measures】



In 2016 onward, investment in emerging markets will start generating profits

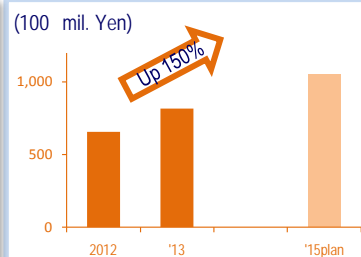
Accelerate new product launches and promote sales expansion

- Speed up profit generation from new products -

Grow Beyond-2015
Sales target

Grow Beyond measures

Safe, sound & comfortable living spaces & materials

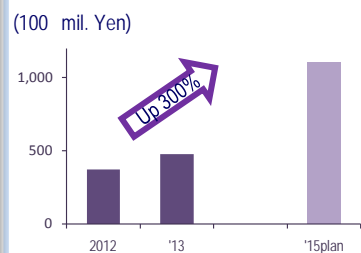


☆ Launch sales of "UV Verre Premium", 99% UV blocking tempered glass

☆ Establish a new production site for pharmaceutical & agrochemical intermediates and active ingredients

☆ Boost production capacity for Tafluprost, active pharmaceutical ingredients for glaucoma treatment

Higher quality display devices & communication



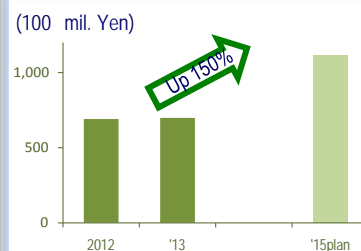
☆ Launch sales of "Dragontrail", specialty glass for chemical strengthening

☆ Unveil 0.1mm thin glass

☆ Unveil carrier glass technology for ultra thin glass

☆ Unveil Ultra low thermal shrinkage glass "AN Wizus".

Clean & green energy



☆ Double the production capacity of energy saving Low-e glass in Japan

☆ Set up window JV with Lixil

☆ Chemically strengthened specialty glass "Leoflex" to be applied for Solar panels

☆ Announce the supply of new generation Automobile refrigerant HFO-1234yf

New Products: specialty glass for chemical strengthening

- Utilize the wide product lines and sales network to grow -

Display

- Used by 35 brands, including emerging market brands, in 220 product models
- Launch a new product "Dragontrail X", which is tougher than Dragontrail, into the market in Jan. 2013



Versatile applications

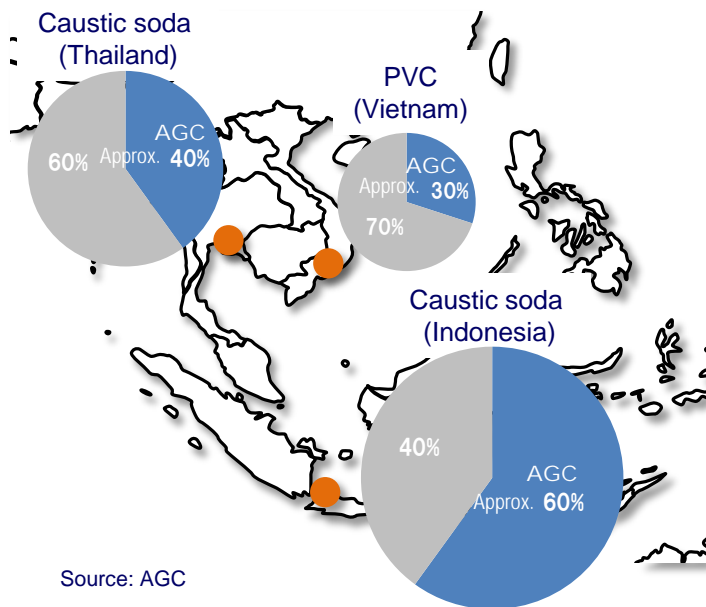
- Promote deployment of the glass into Vehicle, Solar module and building material markets



Growth in Chemicals business(1)

- Capture the high market growth in Asia -

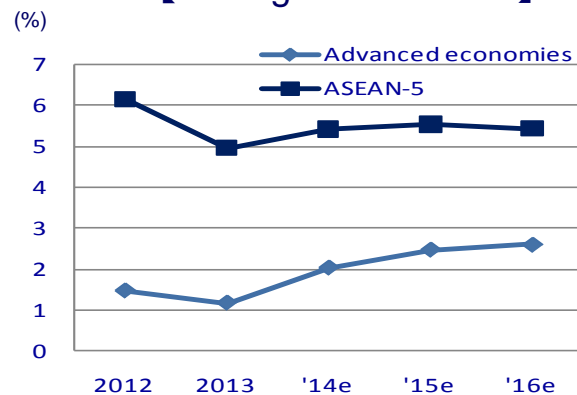
Market share in SE Asia



Capture the growing market by aggressive investments

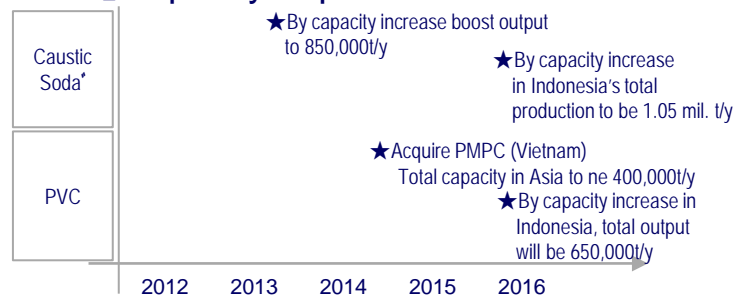
Capacity expansion in Asia

【GDP growth outlook】



Source: IMF, Jan. 2014

【Capacity Expansion in SE Asia】

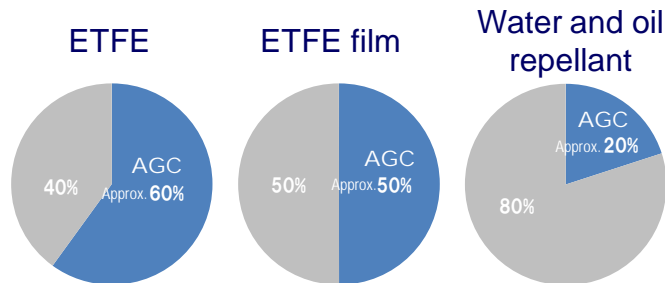


Growth

Growth in Chemicals business (2)

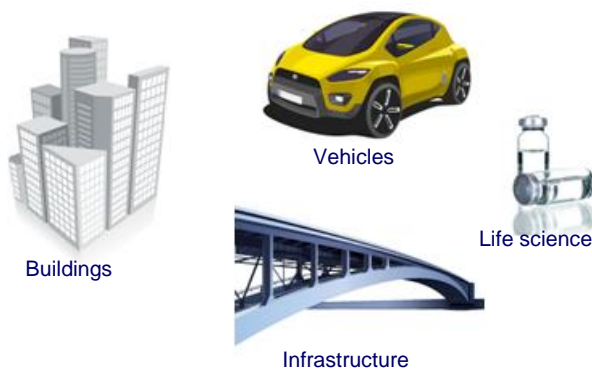
- Sales expansion of high-performance products -

Market position of AGC's high-performance fluorinated products

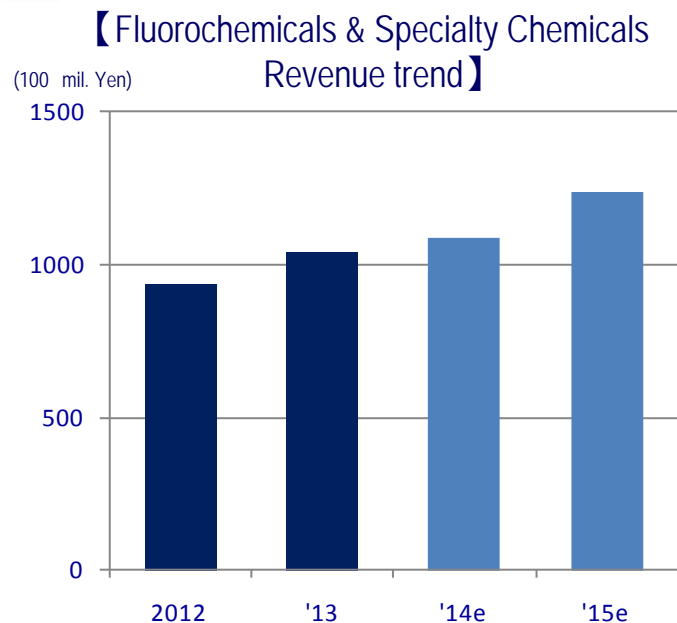


Source: AGC

【Examples of high-performance fluorine-related products】



Place high-performance fluorinated products as growth engine

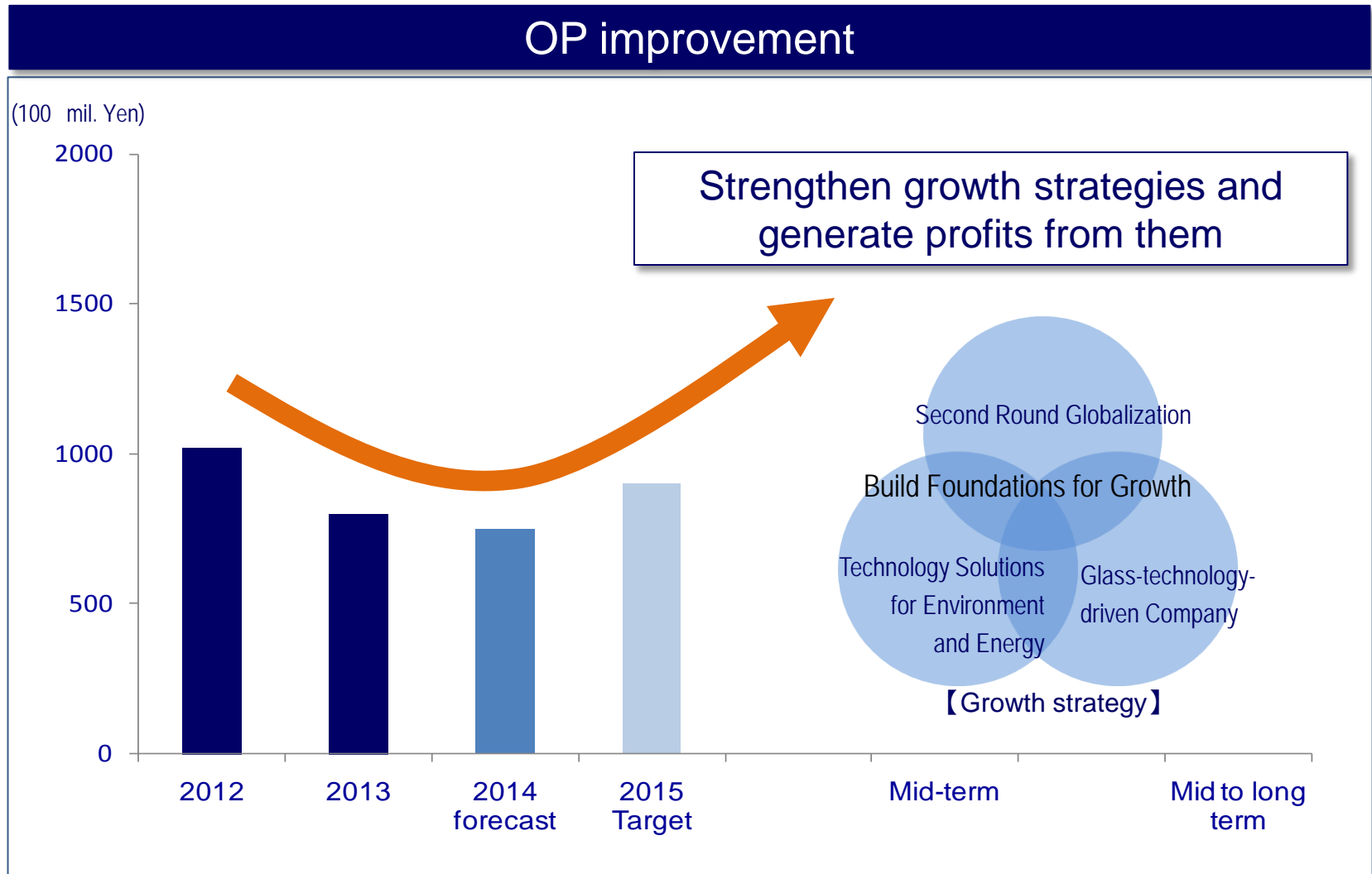


Amplify the performance by expanding sales of high-performance fluorine-related products



IV. Bring the business back to growth track

Bring the business back to growth track



Dividend policy

- No change -

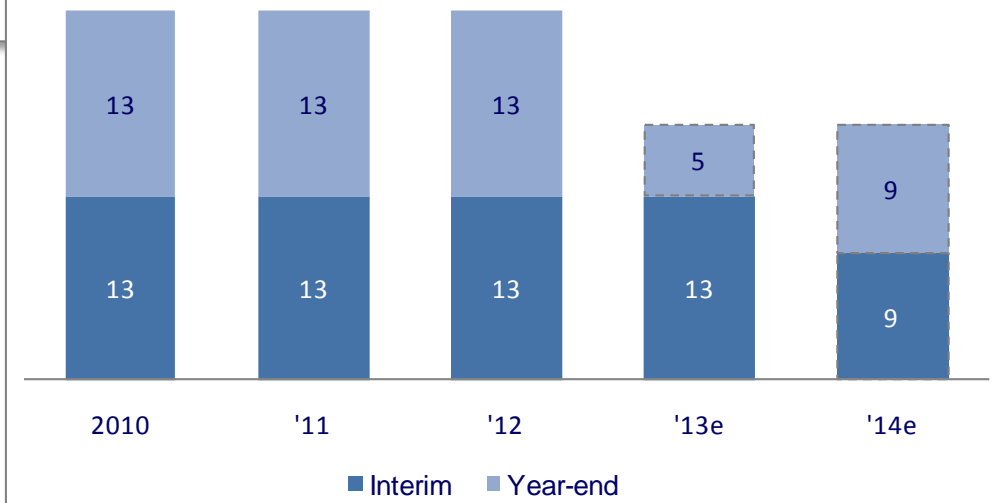
AGC's dividend policy

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)

Dividend per share

Unit: Yen



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