

# Financial Results for the Three Months ended March 31, 2015

May 8, 2015

**AGC ASAHI GLASS CO., LTD.**

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# Financial Results for the Three Months ended March 31, 2015

# 1. Highlights of the Financial Results

**Net sales** 325.6 billion yen (down 3.5 billion yen YoY)

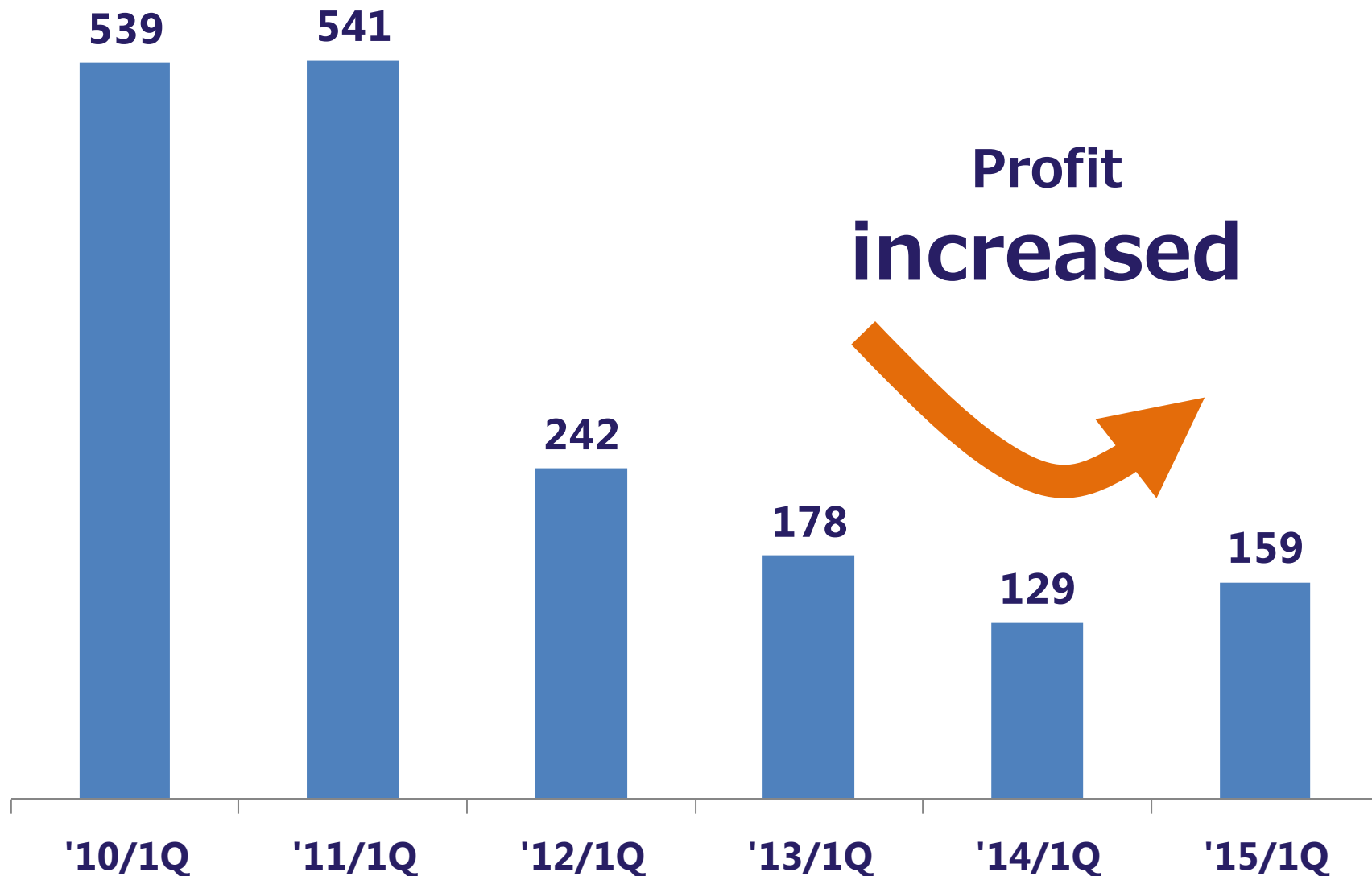
**Operating profit** 15.9 billion yen (up 3.1 billion yen YoY)

**Profit for the period** 4.6 billion yen (down 2.6 billion yen YoY)  
attributable to owners of the parent

- ✓ **Net sales down slightly due to reasons such as lower sales in the display business**
- ✓ **OP up thanks to the effect of structural reforms of the architectural glass business and decline of raw materials and fuel prices**
- ✓ **OP progress rate vs. 1H forecast 61%**  
**vs. Full year forecast 25%**
- ✓ **Profit for the period attributed to owners of the parent down due to exchange loss and reversal of deferred tax assets due to a cut in effective corporate tax rate in Japan**

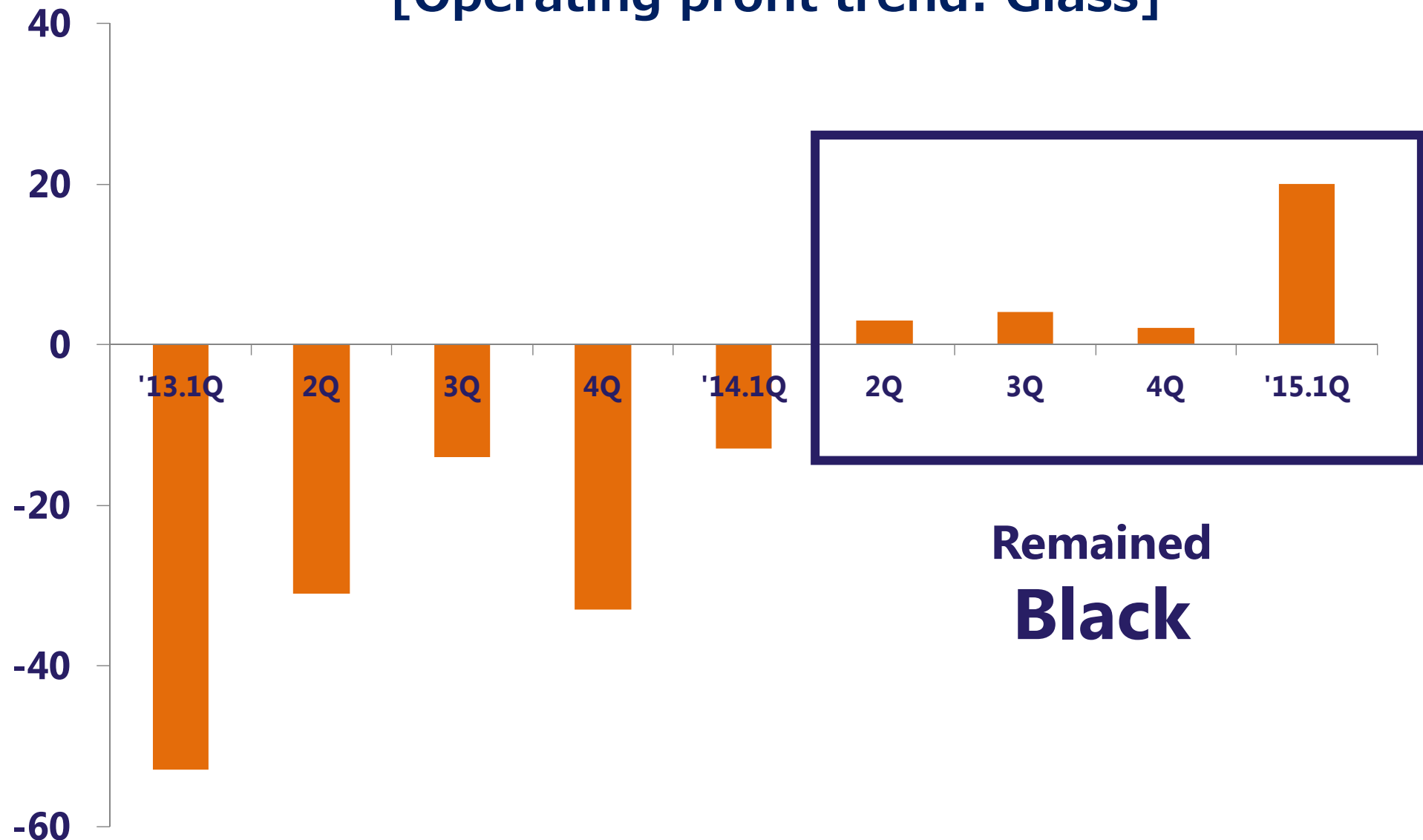
## [1Q Operating profit trend]

(100 million yen)



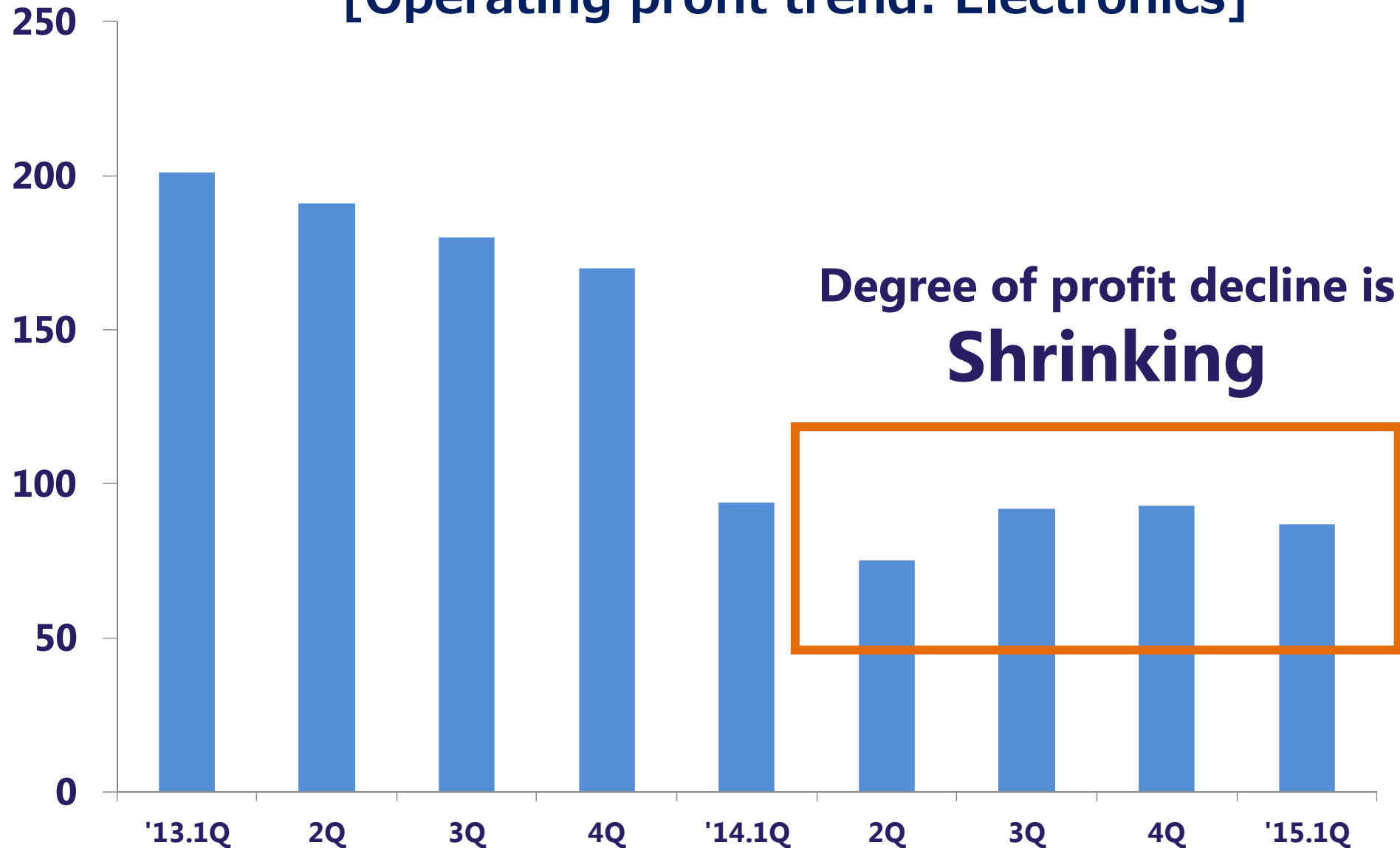
(100 million yen)

## [Operating profit trend: Glass]



(100 million yen)

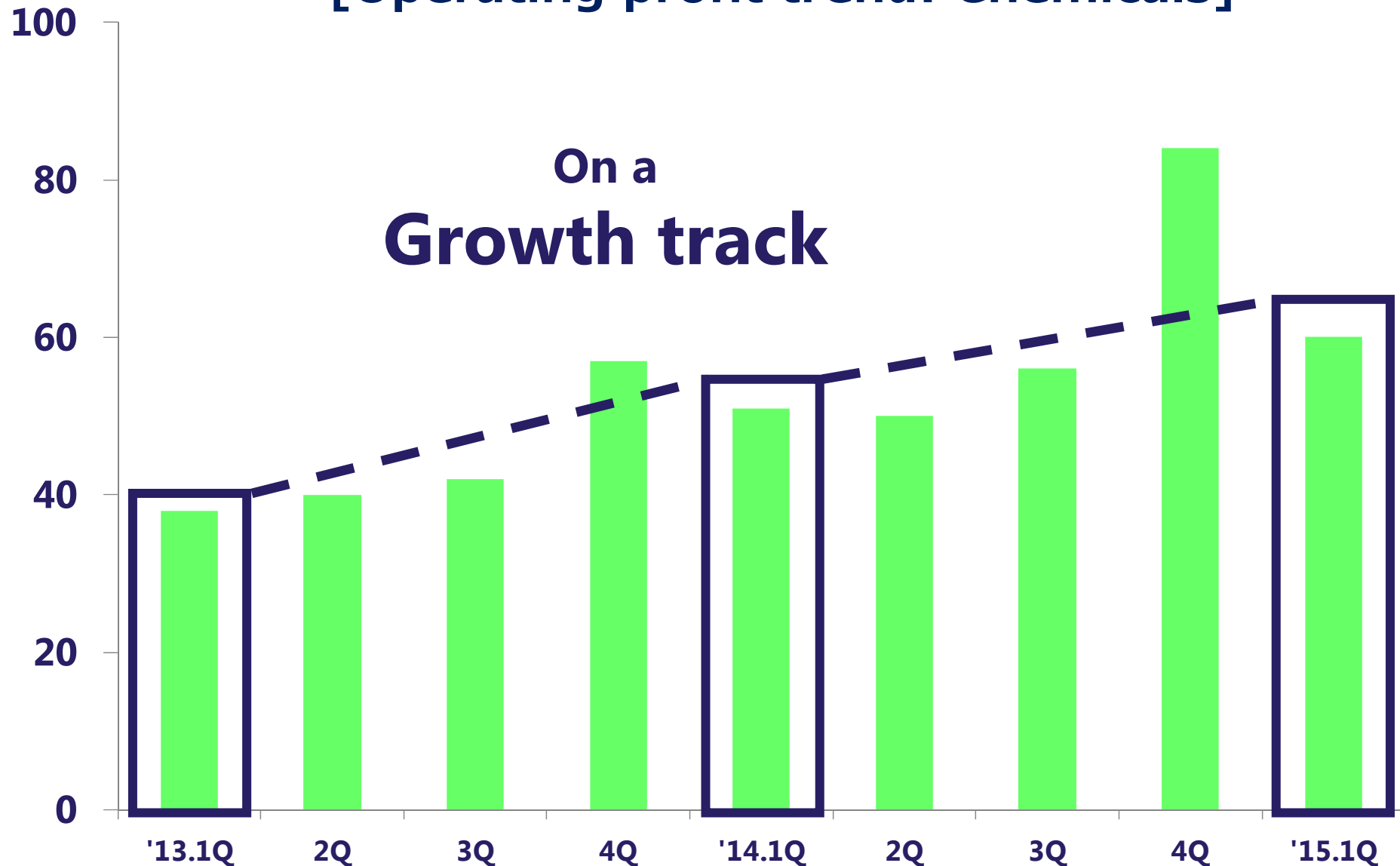
## [Operating profit trend: Electronics]





(100 million yen)

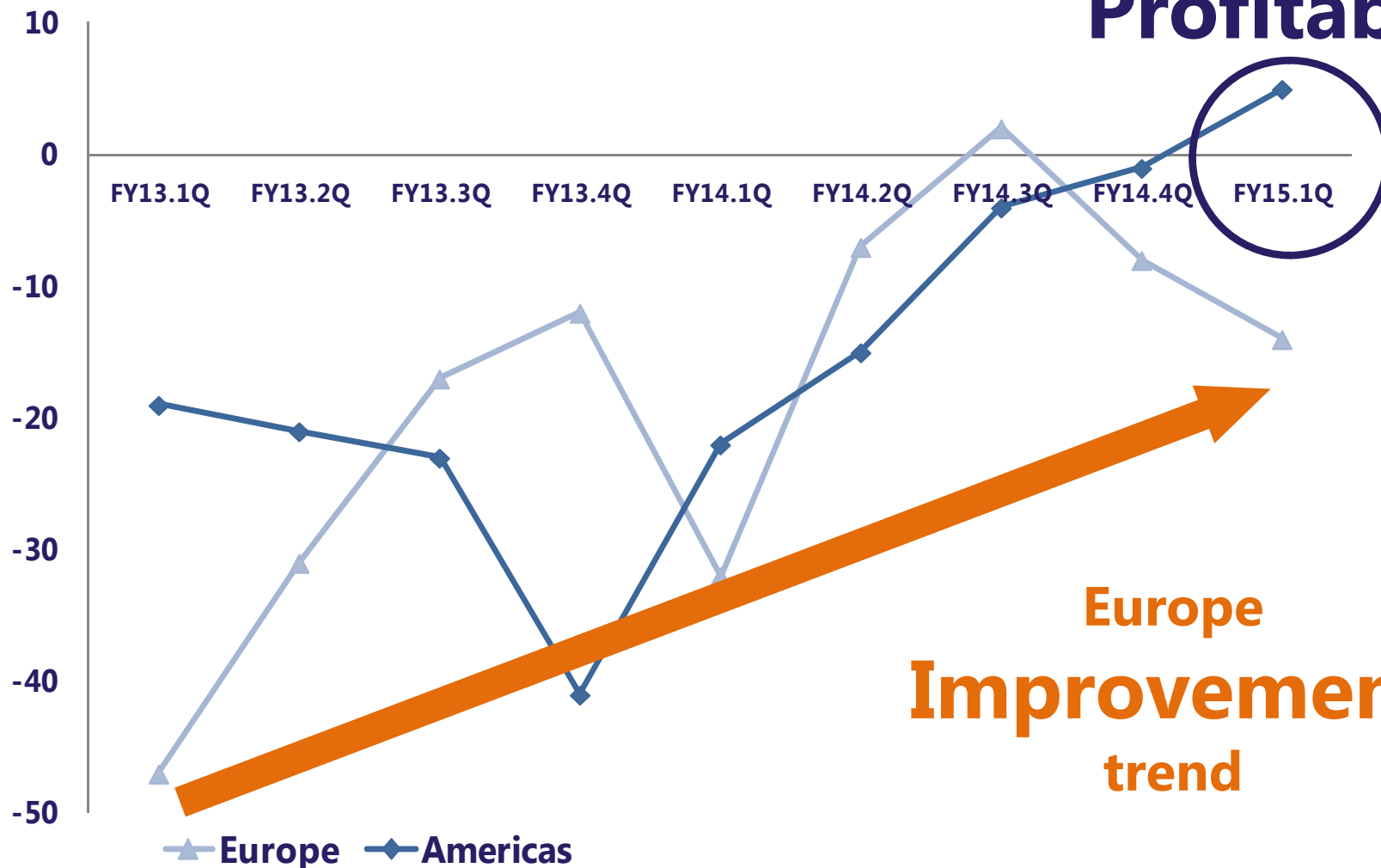
## [Operating profit trend: Chemicals]



## [Operating profit trend: Europe & Americas]

Americas turned  
**Profitable**

(100 million yen)



Europe  
**Improvement**  
trend

# Summary of the Financial Results



(100 million yen)

		FY2014 1Q	FY2015 1Q	Change	Change %
<b>Net sales</b>		3,291	<b>3,256</b>	-35	-1.1%
<b>Operating profit</b>		128	<b>159</b>	+31	+24.3%
<b>Profit before tax</b>		135	<b>105</b>	-29	-21.9%
<b>Profit for the period attributable to owners of the parent</b>		72	<b>46</b>	-26	-35.8%
<b>Operating profit margin</b>		3.9%	<b>4.9%</b>		
<b>ROE</b>		2.7%	<b>1.7%</b>		
<b>Forex (Average)</b>	JPY/USD	102.78	<b>119.09</b>		
	JPY/EUR	140.79	<b>134.18</b>		
<b>Crude oil</b>	\$/BBL(Dubai)	104.4	<b>52.2</b>		

# Consolidated Statement of Financial Position



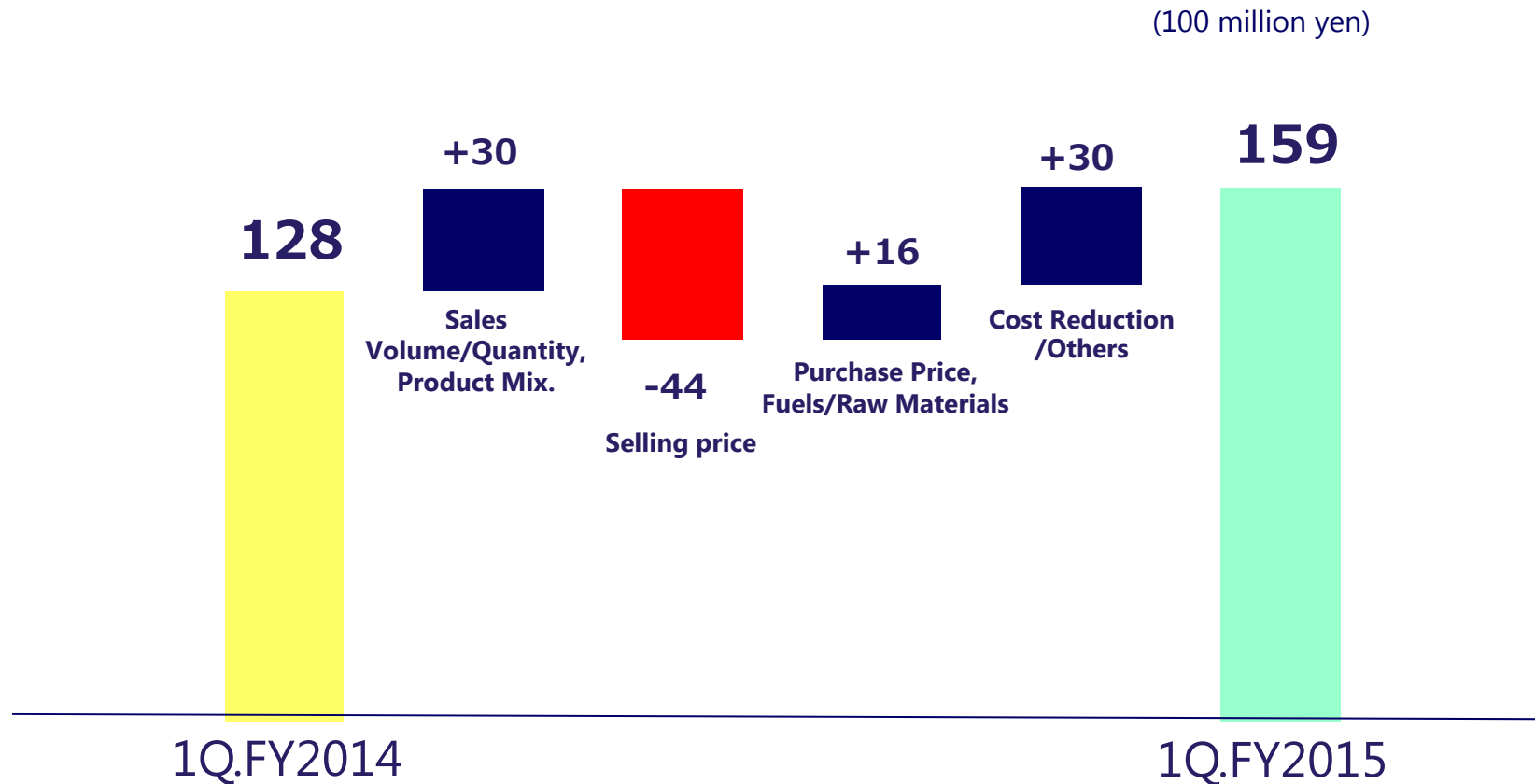
1Q (100 million yen)

	FY2014	<b>FY2015</b>	Change
<b>Net sales</b>	3,291	<b>3,256</b>	-35*
<b>Operating profit</b>	128	<b>159</b>	+31
Other income/expenses	26	<b>-42</b>	
<b>Business profit</b>	154	<b>117</b>	-37
Financial income/cost	-19	<b>-12</b>	
<b>Profit before tax</b>	135	<b>105</b>	-29
income tax expenses	54	<b>54</b>	
<b>Profit for the period</b>	81	<b>51</b>	-30
attributable to owners of the parent	72	<b>46</b>	-26
attributable to non-controlling interests	9	<b>5</b>	

\* Foreign exchange fluctuation resulted in +11.3 billion yen in Net sales in 1Q.

# Variance Analysis on OP(1Q.FY2015 vs. 1Q.FY2014) **AGC**

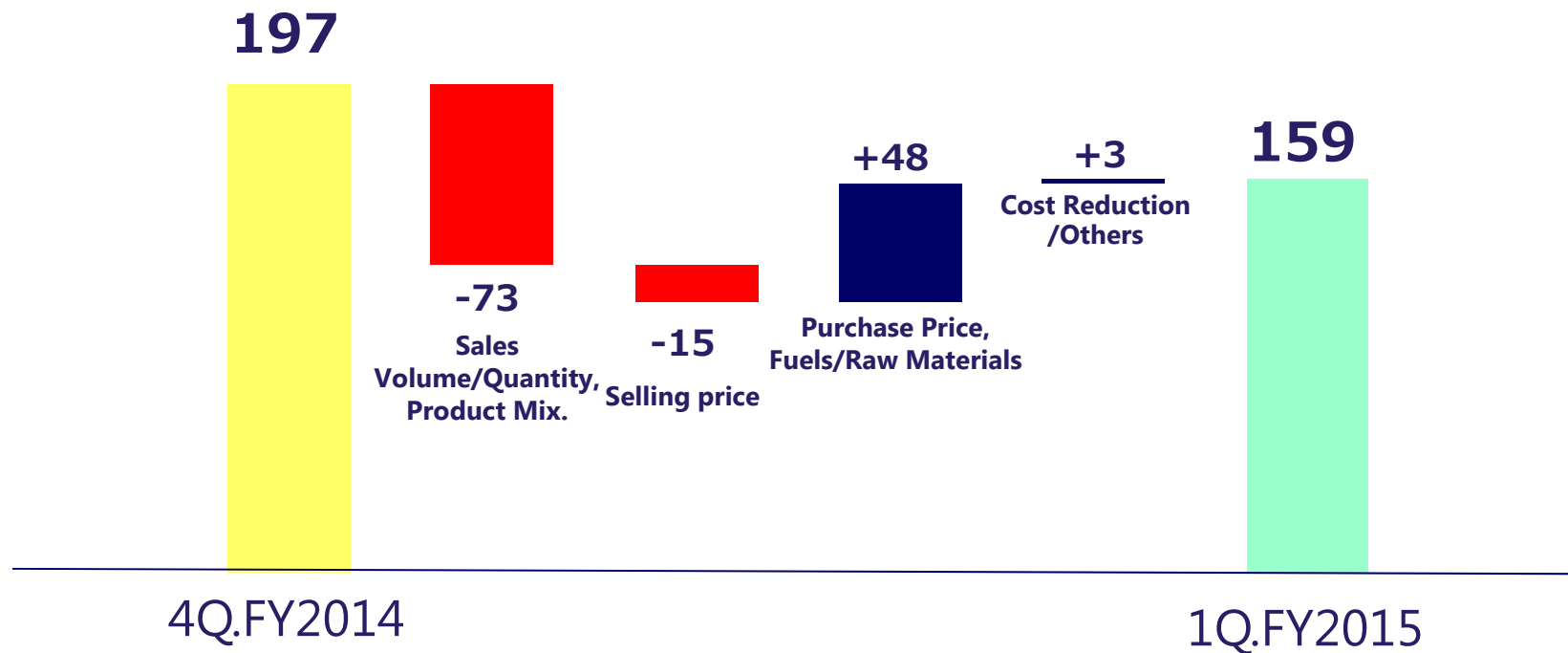
¥3.1 bn. up from the same period last year



# Variance Analysis on OP(1Q.FY2015 vs. 4Q.FY2014) **AGC**

¥3.7 bn. down from last quarter

(100 million yen)



# Consolidated Statement of Financial Position



	2014/12	2015/3	Change	(100 million yen)
Cash and cash equivalents	697	<b>784</b>	+88	
Inventories	2,395	<b>2,410</b>	+16	
Property, plant and equipment, Goodwill and Intangible assets	11,283	<b>10,925</b>	-358	
Other assets	6,399	<b>6,215</b>	-183	
<b>Total assets</b>	20,773	<b>20,335</b>	-438*	
Interest-bearing debt	4,993	<b>4,680</b>	-313	
Other liabilities	3,976	<b>3,781</b>	-195	
<b>Liabilities</b>	8,968	<b>8,461</b>	-507	
Total equity attributable to owners of the parent	11,131	<b>11,198</b>	+67	
Non-controlling interests	674	<b>675</b>	+2	
<b>Equity</b>	11,805	<b>11,874</b>	+69	
<b>Total liabilities and equity</b>	20,773	<b>20,335</b>	-438	
<b>D/E ratio</b>	0.42	<b>0.39</b>		

\* -45.6 billion yen due to foreign exchange fluctuation

# Consolidated Statement of Cash Flow



(100 million yen)

	FY2014 1Q	FY2015 1Q
Profit before tax	135	<b>105</b>
Depreciation and amortization expense	341	<b>338</b>
Increase(decrease) in working capital	44	<b>92</b>
Others	-115	<b>14</b>
<b>Cash flows from operating activities</b>	<b>405</b>	<b>550</b>
<b>Cash flows from investing activities</b>	<b>-208</b>	<b>-247</b>
<b>Free cash flow</b>	<b>197</b>	<b>303</b>
Changes in interest-bearing debt	-246	<b>-135</b>
Dividend paid	-58	<b>-104</b>
Others	14	<b>5</b>
<b>Cash flows from financing activities</b>	<b>-290</b>	<b>-235</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-13</b>	<b>19</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>-106</b>	<b>88</b>



(100 million yen)

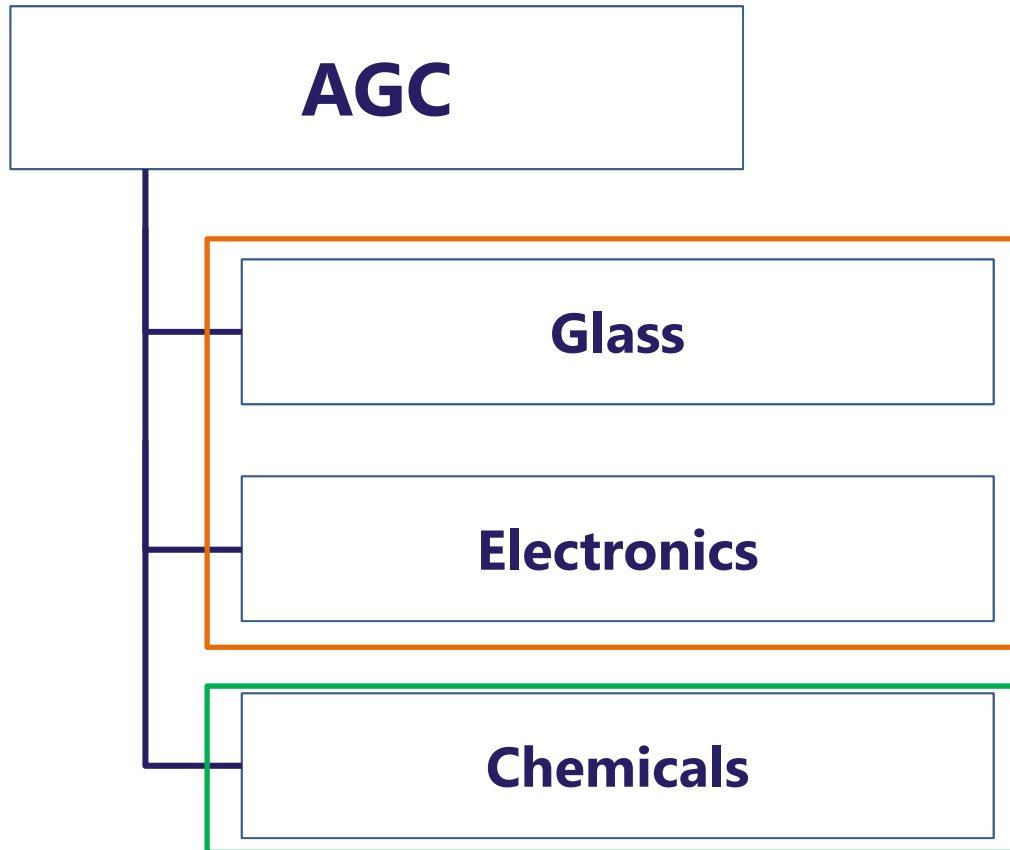
	FY2014 1Q	<b>FY2015</b> <b>1Q</b>
<b>CAPEX</b>	235	<b>252</b>
<b>Depreciation</b>	341	<b>338</b>
<b>R&amp;D</b>	115	<b>100</b>

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## 2. Information by Business and Geographic Segment

# Reorganized the disclosure of segment information **AGC**

## ■ Reorganization affected each business segment



2015/1Q~

### ① Set up

#### **Advanced glass materials Div.**

Sales of the following products will shift from Glass segment to Electronics segment:

- Fabricated glass for industrial use
- Glass for solar power system

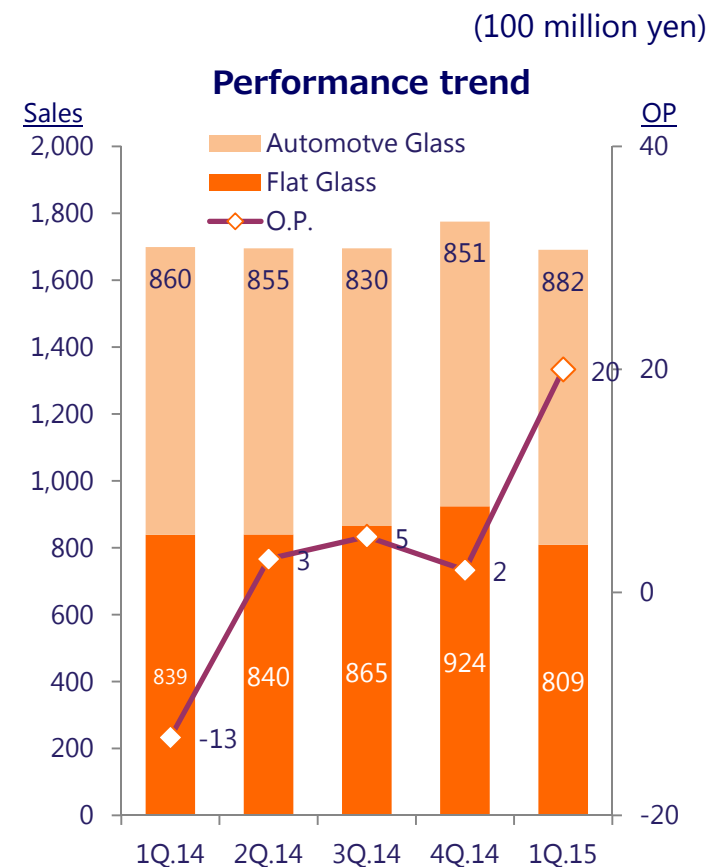
### ② Reorganized Chemicals business

Sales of the following products will shift from Chlor-alkali & Urethane to Fluorochemicals & Specialty:

- Gases and solvents

■ Earnings improved thanks to the effect of structural reforms in Europe & America and lower raw materials and fuel prices.

	1Q				
	FY2014	FY2015	Change		
Net Sales	1,699	<b>1,691</b>	<b>-8</b>		
Operating profit	-13	<b>20</b>	<b>+33</b>		
Breakdown of sales	Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	1,691	750	306	694	-60
Flat glass	809	287	125	440	-43
Automotive glass	882	464	181	254	-17



\* The figures are different from the results for the previous fiscal year disclosed previously because net sales and operating profit for 2014 have been adjusted to reflect the reorganization. The adjusted results for 2Q, 3Q and 4Q of 2014 are unaudited.

### 【YoY comparison for the first three months】

#### [Architectural Glass]

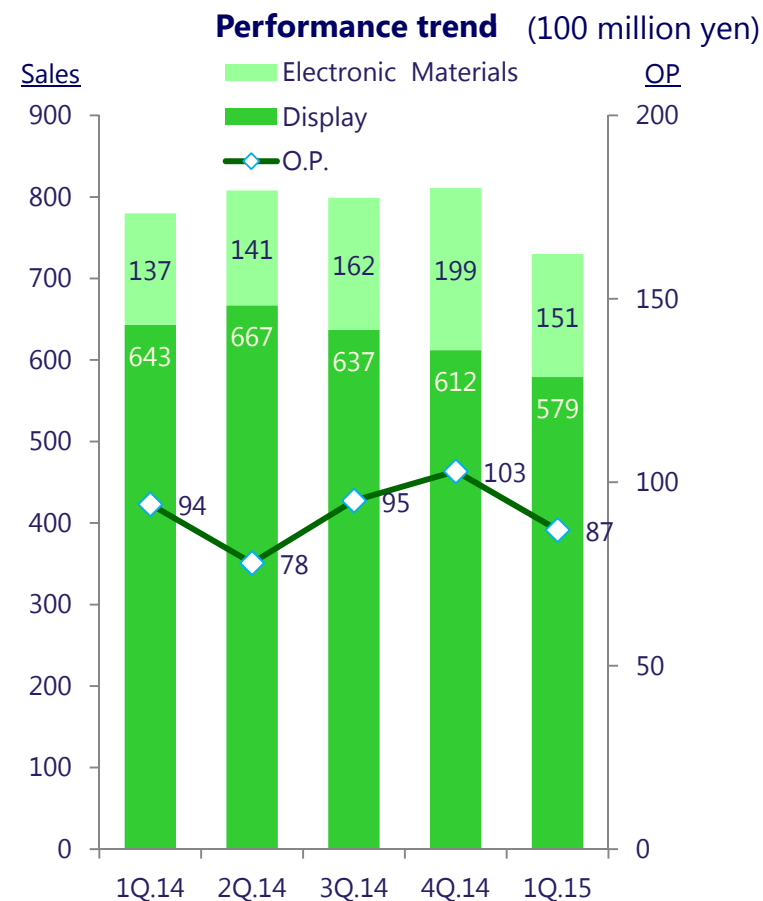
- Japan/Asia : Shipments decreased due to a backlash against last-minute demand before the consumption tax increase in Japan.
- Americas : Shipments remained strong.
- Europe : Shipments remained strong in Western and Central Europe. In Eastern Europe shipments declined due to its sluggish demand.

#### [Automotive Glass]

- Sales increased thanks to robust auto production.

■ Cost reduction efforts and growth of non-LCD glass products minimized the impact of LCD glass price decline.

	1Q		
	FY2014	FY2015	Change
Net Sales	780	<b>730</b>	<b>-50</b>
Operating profit	94	<b>87</b>	<b>-7</b>
Breakdown of Sales			
Display	579		
Electronic Materials	151		



\* The figures are different from the results for the previous fiscal year disclosed previously because net sales and operating profit for 2014 have been adjusted to reflect the reorganization. The adjusted results for 2Q, 3Q and 4Q of 2014 are unaudited.

### 【YoY comparison for the first three months】

#### [Display]

- Shipments of TFT-LCD glass substrates increased, but a decline in the sales prices affected the operating results.
- Shipments of specialty glass for display application increased.
- Sales declined due to the end of PDP related product shipments.

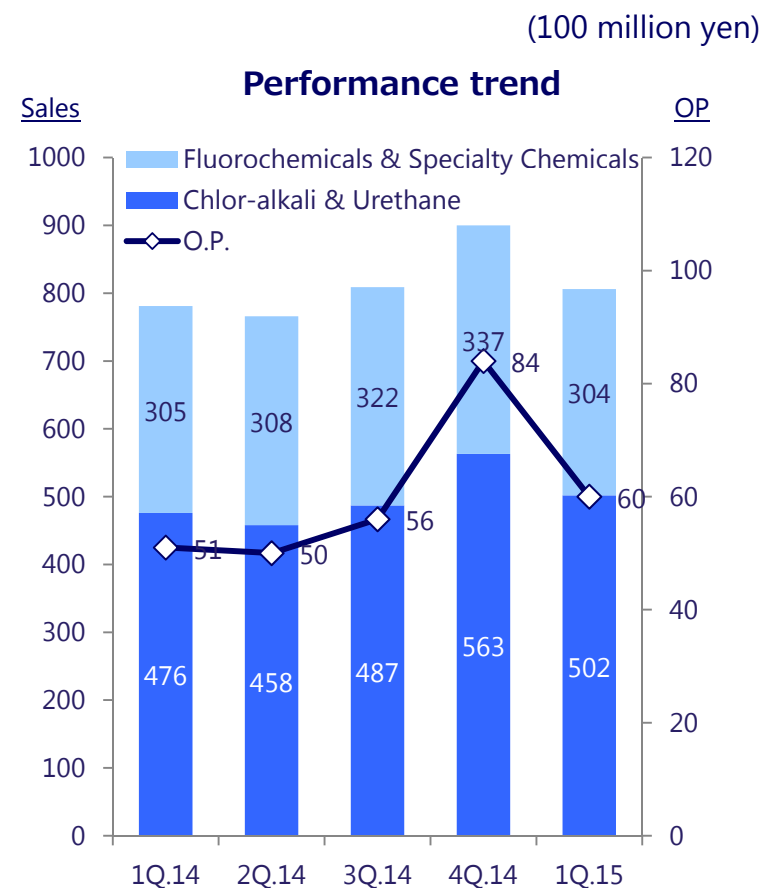
#### [Electronic Materials]

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



■ **OP down compared with seasonally strong 4Q, but showed a steady improvement on YoY base.**

	1Q		
	FY2014	FY2015	Change
Net sales	763	<b>785</b>	<b>+22</b>
Operating profit	51	<b>60</b>	<b>+10</b>
Breakdown of sales			
Chlor-alkali & Urethane		502	
Fluorochemicals & Specialty Chemicals		304	
Elimination		-21	



\* The figures are different from the results for the previous fiscal year disclosed previously because net sales and operating profit for 2014 have been adjusted to reflect the reorganization.

### 【YoY comparison for the first three months】

#### 〔Chlor-alkali & Urethane〕

- Asia continued to show strong performance.

#### 〔Fluorochemicals & Specialty Chemicals〕

- Shipments declined in some products was offset by the effect of yen depreciation.

# YoY Performance Comparison by Business Segment



(100 million yen)

	1Q. FY2014	1Q. FY2015	Change	Change (%)
<b>Net sales</b>	3,291	<b>3,256</b>	-35	-1.1%
Glass	1,699	<b>1,691</b>	-8	-0.5%
Electronics	780	<b>730</b>	-50	-6.4%
Chemicals	763	<b>785</b>	+22	+2.9%
Ceramics/Other	155	<b>139</b>	-17	-10.9%
Elimination	-106	<b>-88</b>	+18	-
<b>Operation profit</b>	128	<b>159</b>	+31	+24.3%
Glass	-13	<b>20</b>	+33	-
Electronics	94	<b>87</b>	-7	-7.3%
Chemicals	51	<b>60</b>	+10	+19.2%
Ceramics/Other	-6	<b>-9</b>	-3	-
Elimination	2	<b>0</b>	-2	-

# Quarterly Performance Comparison by Business Segment **AGC**

(100 million yen)

	4Q. FY2014	1Q. FY2015	Change	Change(%)
<b>Net sales</b>	3,541	<b>3,256</b>	-285	-8.1%
Glass	1,775	<b>1,691</b>	-84	-4.7%
Electronics	811	<b>730</b>	-81	-9.9%
Chemicals	875	<b>785</b>	-90	-10.3%
Ceramics/Other	206	<b>139</b>	-67	-32.6%
Elimination	-125	<b>-88</b>	+37	-
<b>Operating profit</b>	197	<b>159</b>	-37	-19.0%
Glass	2	<b>20</b>	+18	+761.3%
Electronics	103	<b>87</b>	-16	-15.4%
Chemicals	84	<b>60</b>	-24	-28.1%
Ceramics/Other	7	<b>-9</b>	-16	-
Elimination	0	<b>0</b>	+0	-

# YoY Performance Comparison by Geographic Segment

(100 million yen)

	1Q. FY2014	1Q. FY2015	Change	Change(%)
<b>Net Sales</b>	3,291	<b>3,256</b>	-35	-1.1%
Japan/Asia	2,306	<b>2,272</b>	-34	-1.5%
Americas	323	<b>377</b>	+53	+16.5%
Europe	777	<b>747</b>	-30	-3.9%
Elimination	-115	<b>-139</b>	-24	-
<b>Operation profit</b>	128	<b>159</b>	+31	+24.3%
Japan/Asia	256	<b>247</b>	-9	-3.5%
Americas	-22	<b>5</b>	+26	-
Europe	-32	<b>-14</b>	+18	-
Elimination	3	<b>-4</b>	-7	-
Cross regional common expenses	-77	<b>-75</b>	+2	-

# Quarterly Performance Comparison by Geographic Segment **AGC**

(100 million yen)

	4Q. FY2014	1Q. FY2015	Change	Change(%)
<b>Net Sales</b>	3,541	<b>3,256</b>	-285	-8.1%
Japan/Asia	2,488	<b>2,272</b>	-216	-8.7%
Americas	383	<b>377</b>	-7	-1.7%
Europe	782	<b>747</b>	-35	-4.5%
Elimination	-112	<b>-139</b>	-27	-
<b>Operation profit</b>	197	<b>159</b>	-37	-19.0%
Japan/Asia	292	<b>247</b>	-45	-15.3%
Americas	-8	<b>5</b>	+13	-
Europe	-1	<b>-14</b>	-12	-
Elimination	-1	<b>-4</b>	-2	-
Cross regional common expenses	-84	<b>-75</b>	+9	-

# The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1Q.FY2014)



(100 million yen)

Net sales	Consolidated total*	Glass	Electronics	Chemicals
1Q. FY2015	<b>3,256</b>	<b>1,691</b>	<b>730</b>	<b>785</b>
Change vs. 1Q. FY2014	-35	-8	-50	+22
Change like-for-like vs. 1Q. FY2014	-184	-68	-65	-48
Impact of FOREX	+113	+52	+15	+44
Impact of Change in the Scope of Consolidation	+36	+8	+0	+27

\* 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 FY2015



<b>Net sales</b>	<b>1,420.0 billion yen (up 71.7 billion yen YoY)</b>
<b>Operating profit</b>	<b>62.0 billion yen (down 0.1 billion yen YoY)</b>
<b>Profit for the year attributable for the owners of the parent</b>	<b>35.0 billion yen (up 19.1 billion yen YoY)</b>

- ✓ Net sales is forecast to increase thanks to increased shipments of glass and chemicals, as well as continuation of the weak yen.
- ✓ Operating profit is forecast to remain unchanged owing to price decline in certain products and cost increase at some of the overseas subsidiaries due to the weak yen.
- ✓ Profit for the year attributable for the owners of the parent is forecast to increase because of factors such as posting of other income associated with the revision the corporate pension plan.

# FY2015 Forecast (2)



		FY2014	FY2015 Forecast	Change	Change%
					(100 million yen)
<b>Net sales</b>		13,483 (6,592)	<b>14,200</b> <b>(7,000)</b>	+717 (+408)	+5.3% (+6.2%)
<b>Operating profit</b>		621 (259)	<b>620</b> <b>(260)</b>	-1 (+1)	-0.2% (+0.3%)
<b>Profit before tax</b>		412	<b>650</b>	+238	+57.9%
<b>Profit for the year attributable to owners of the parent</b>		159	<b>350</b>	+191	+119.9%
<b>Dividend (yen/share)</b>		18	<b>18</b>		
<b>Operating profit margin</b>		4.6%	<b>4.4%</b>		
<b>ROE</b>		1.4%	<b>3.1%</b>		
<b>Forex (Average)</b>	JPY/USD	105.85	<b>120.0</b>		
	JPY/EUR	140.42	<b>140.0</b>		
<b>Crude oil</b>	\$/BBL(Dubai)	96.5	<b>70.0</b>		

\* ( ) shows First-half

\* ROE of FY2015 Forecast is calculated by using the Total equity attributable to owners of the parent as of Dec.31, 2014.

## [Glass]

### ● Architectural Glass

- Japan/Asia : Shipments are expected to remain strong.
- Americas : Shipments are expected to remain strong.
- Europe : Shipments are expected to remain strong as a whole, although there are concerns that shipments would continue to be sluggish in Eastern Europe.

### ● Automotive Glass

Sales are expected to increase driven by strong auto production.

## [Electronics]

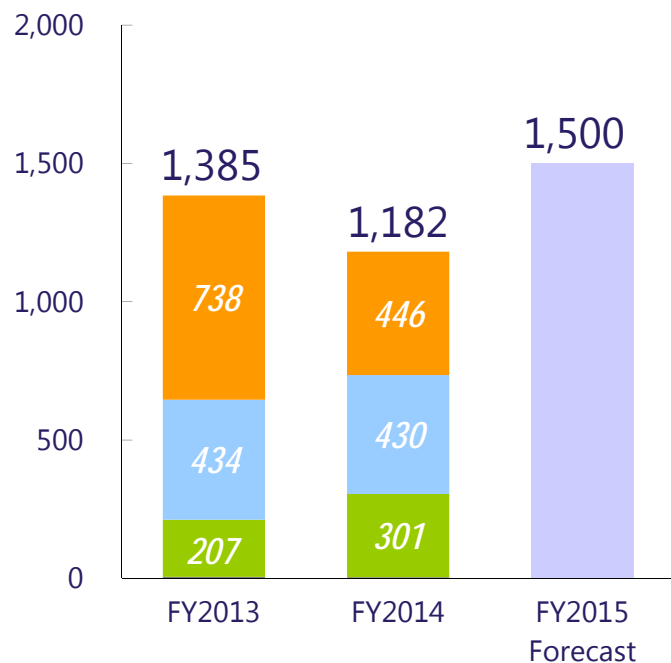
- Shipments of TFT-LCD glass substrates are expected to remain strong. Though there are concerns over possible selling price decline, the rate of the decline is expected to be smaller than the previous year.
- Shipments of specialty glass for display applications are expected to remain strong.
- Shipments of electronic materials are expected to remain strong.

## [Chemicals]

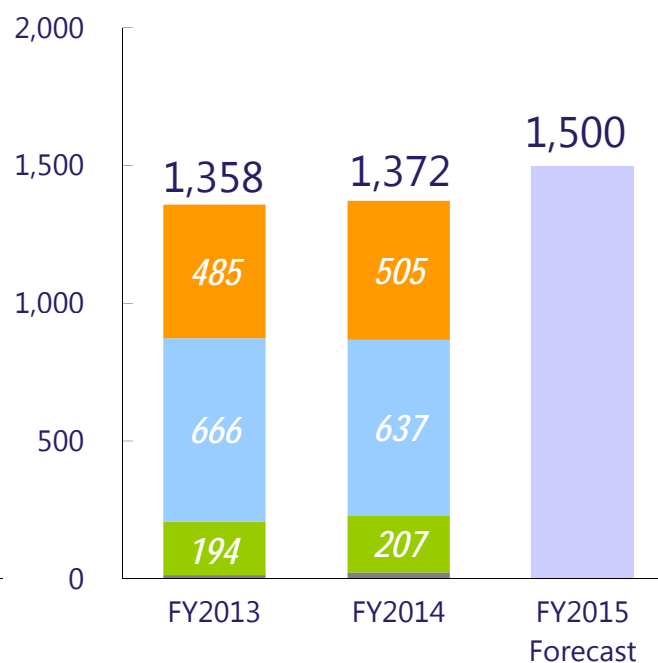
- Shipments of chlor-alkali products in Asia and shipments of fluorochemicals related products are expected to remain strong.

(100 million yen)

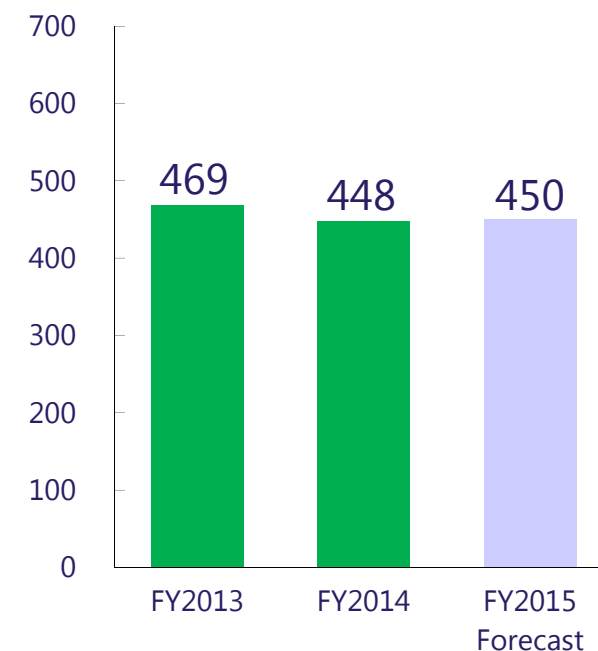
## CAPEX



## Depreciation



## R&D



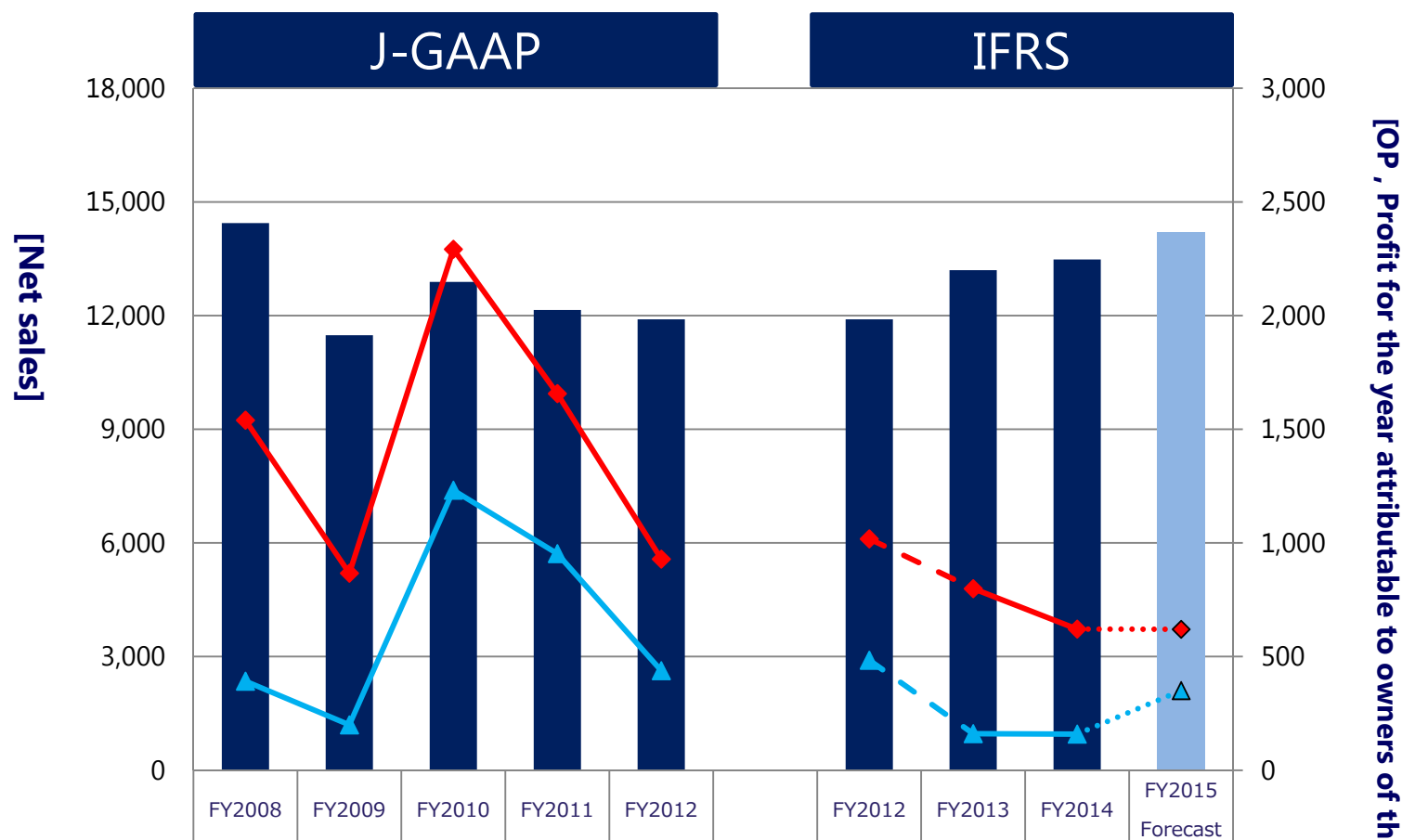
■ Glass  
 ■ Electronics  
 ■ Chemicals  
 ■ Ceramics / Other

# Appendix

# Changes in the Financial Results



(100 million yen)



■ Net sales	14,443	11,482	12,889	12,147	11,900		11,900	13,200	13,483	14,200
◆ Operating profit	1,540	867	2,292	1,657	929		1,018	799	621	620
▲ Profit for the year attributable to owners of the parent*	392	200	1,232	953	438		484	161	159	350
Operating profit margin	10.7%	7.5%	17.8%	13.6%	7.8%		8.6%	6.1%	4.6%	4.4%
Dividend per share	¥24	¥16	¥26	¥26	¥26		¥26	¥18	¥18	¥18

\* Net income in J-GAAP.

		J-GAAP						IFRS		
		07/12	08/12	09/12	10/12	11/12	12/12	12/12	13/12	14/12
Return on equity <sup>*1</sup>	%	7.5%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%
Return on assets <sup>*2</sup>	%	9.3%	7.8%	4.8%	12.9%	9.6%	5.2%	5.6%	4.0%	3.0%
Equity ratio	%	45%	40%	42%	46%	48%	50%	47%	51%	54%
Debt/Equity ratio	times	0.52	0.77	0.74	0.60	0.57	0.54	0.56	0.50	0.42
CF from Operating Activities/Interest-bearing debt	times	0.46	0.34	0.30	0.56	0.31	0.31	0.32	0.29	0.27
Earnings per share	Yen	59.35	33.53	17.12	105.52	81.90	37.88	41.90	13.97	13.77
EBITDA <sup>*3</sup>	100 million yen	2,555	2,199	1,873	3,084	2,594	1,928	2,000	1,866	1,859

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

【IFRS】 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		FY2014					FY2015		
		1Q	2Q	3Q	4Q		1Q		
JPY / USD	Average	102.78	102.16	103.92	114.54	105.85	119.09	120.0 <sup>*4</sup>	
	At quarter end	102.92	101.36	109.45	120.55	120.55	120.17		
JPY / EUR	Average	140.79	140.07	137.76	143.07	140.42	134.18	140.0 <sup>*4</sup>	
	At quarter end	141.65	138.31	138.87	146.54	146.54	130.32		

\*4 Assumption for FY2015



# Major Press Release in FY2015



Date	Summary
February 4	AGC Exhibits at "Milan Design Week", World's Largest Design Festival, for First Time
March 5	AGC Becomes Official Sponsor of Japan Pavilion at EXPO Milano 2015
March 25	AGC to Enhance PVC Production Capacity in Vietnam by 50%
April 7	AGC to Increase Production Capacity of Solar Control Low-E Glass in Thailand
April 8	AGC to Construct Power Plant in Indonesia
April 17	AGC to Establish an Integrated Production System in China for TFT-LCD Glass Substrates
April 28	AGC Acquires NordGlass (Poland), Active in Automotive Replacement Glass

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