

# Financial Results for the Six Months ended June 30, 2015

July 31, 2015

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

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# Financial Results for the Six Months ended June 30, 2015

# 1. Highlights of the Financial Results

<b>Net sales</b>	<b>658.6 billion yen (down 0.6 billion yen YoY)</b>
<b>Operating profit</b>	<b>34.2 billion yen (up 8.3 billion yen YoY)</b>
<b>Profit for the period</b> attributable to owners of the parent	<b>34.0 billion yen (up 30.3 billion yen YoY)</b>

- ✓ **Net sales keeping same level from the same period of the previous fiscal year thanks to the weak yen in spite of 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**
- ✓ **Profit for the period attributed to owners of the parent up due to the posting of “Income from revision of the defined benefit corporate pension plan”**

## [First half Operating profit]

(100 million yen)

259



260



342



**OP up more than 30 %**  
on YOY and also BOY forecast

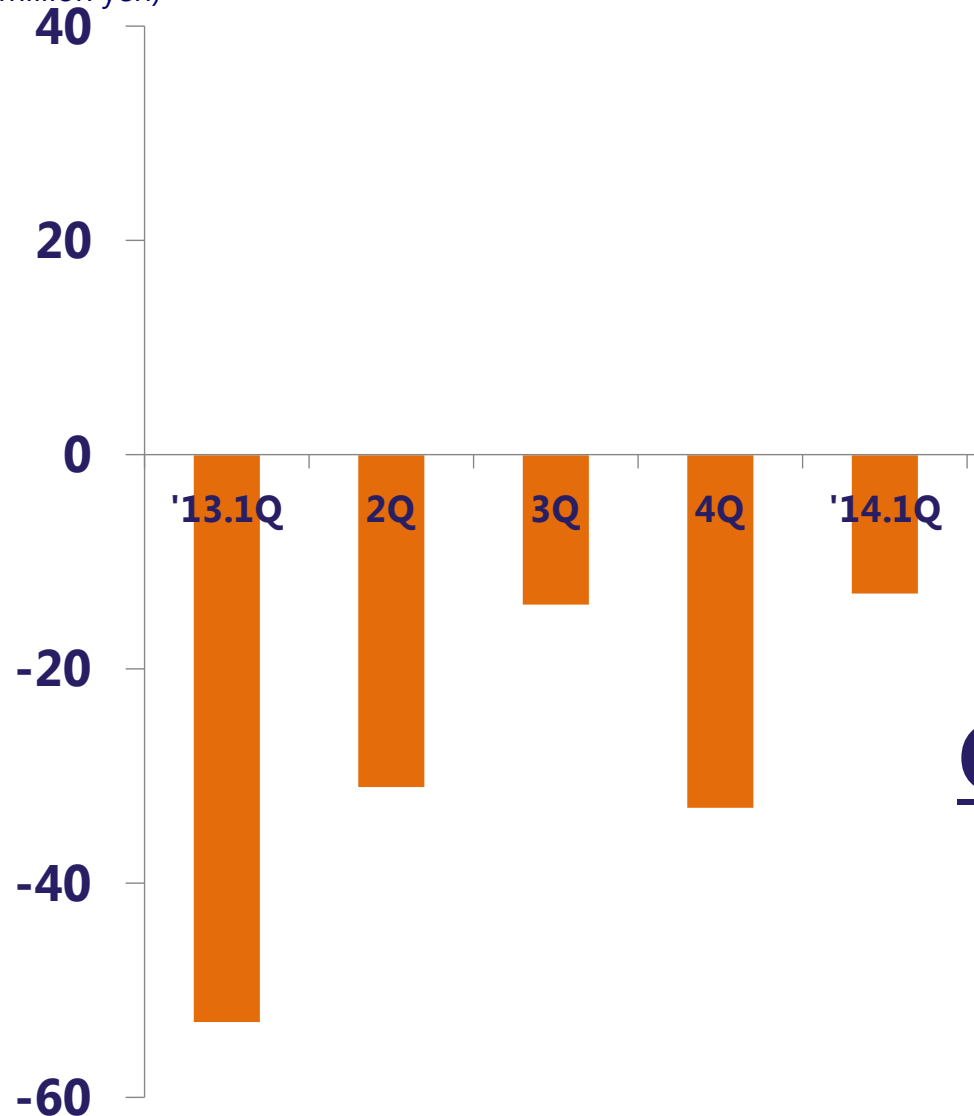
'14 First half  
Actual

'15 First half  
Forecast

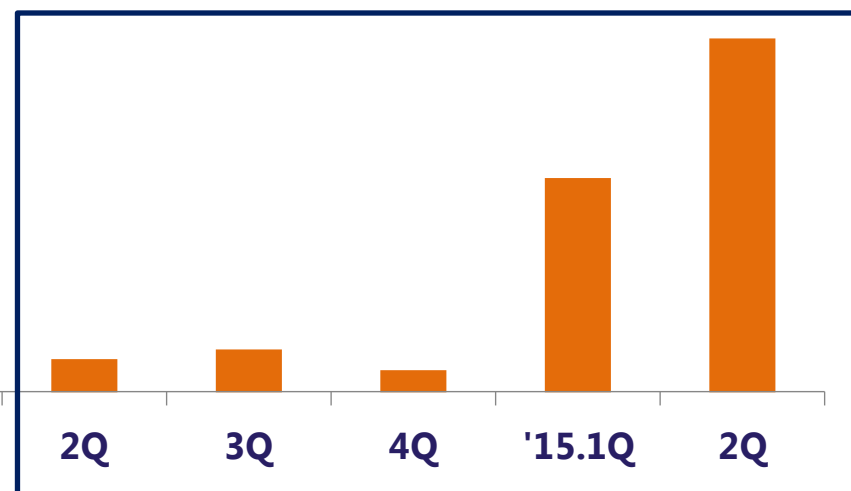
'15 First half  
Actual

## [Operating profit trend: Glass]

(100 million yen)

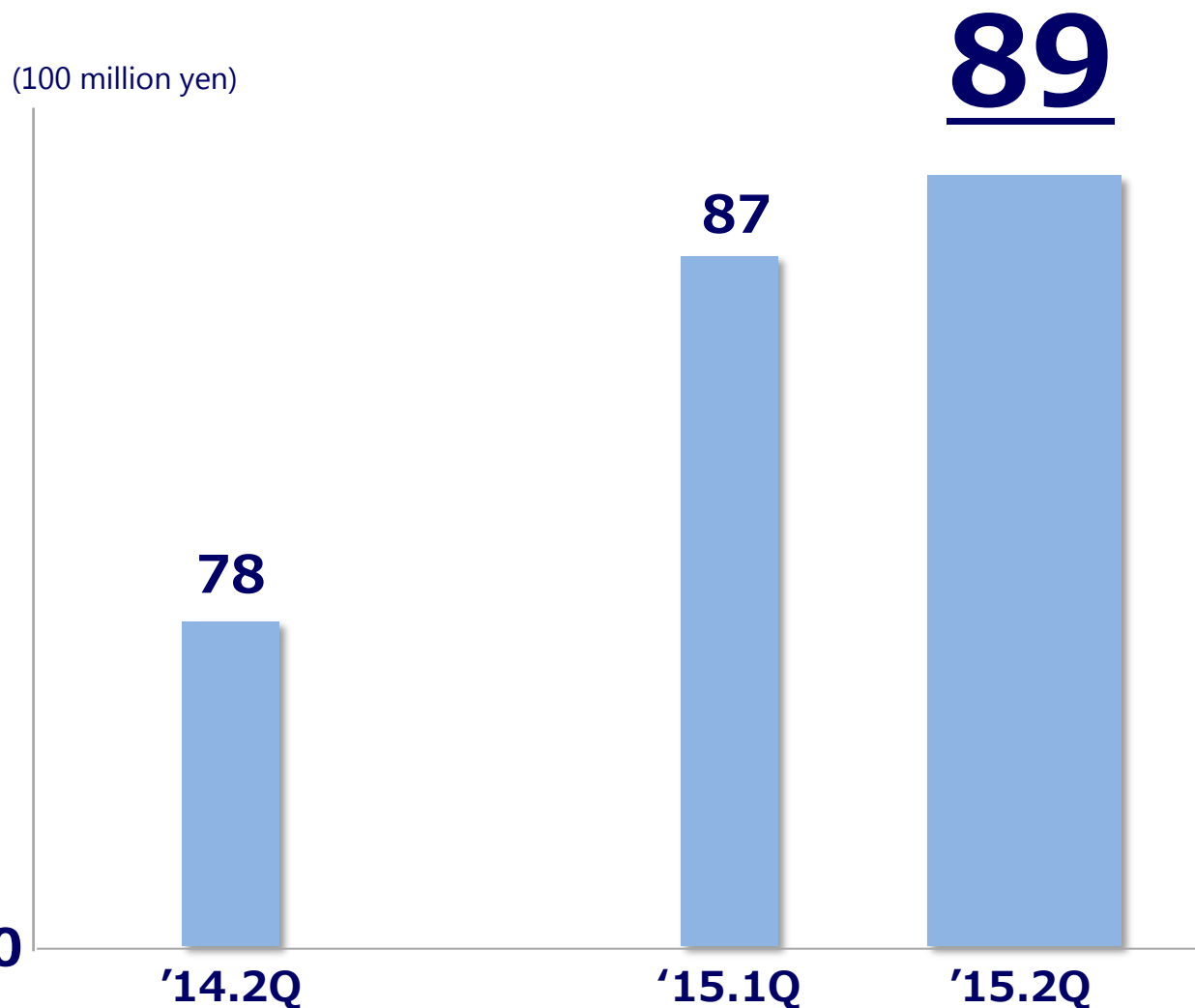


Successfully Remained  
**Black**



Aiming for Operating Profit of  
**Over 10 billion yen**

## [Operating profit trend: Electronics]



**achieved OP up**  
on YoY and QoQ comparison



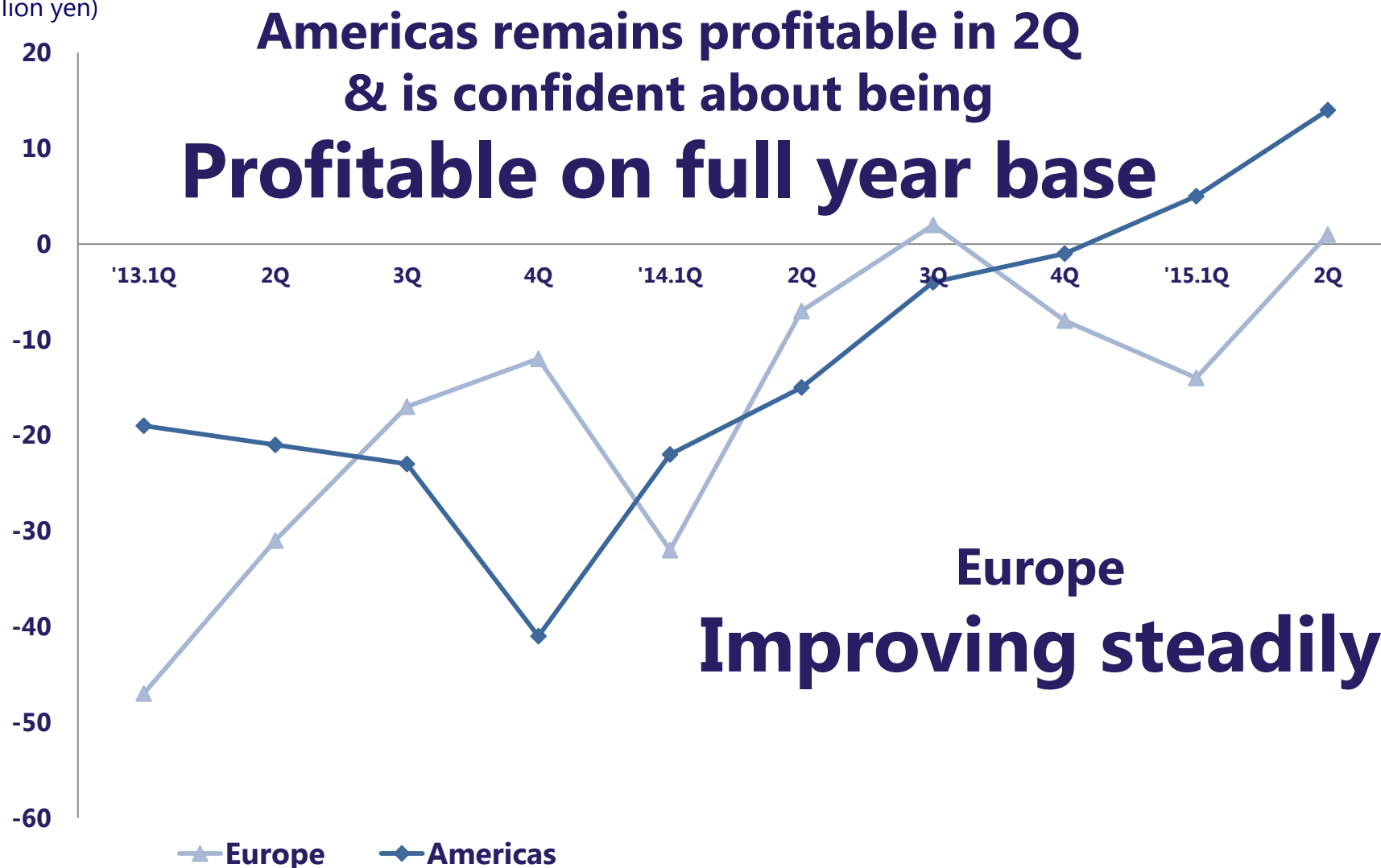
## [Operating profit trend: Chemicals]

(100 million yen)



## [Operating profit trend: Europe & Americas]

(100 million yen)



# Summary of the Financial Results



	2Q				1Q-2Q total				(100 million yen)	
	FY2014	<b>FY2015</b>	Change	Change %	FY2014	<b>FY2015</b>	change	change%		
<b>Net Sales</b>	3,300	<b>3,330</b>	+29	+0.9%	6,592	<b>6,586</b>	-6	-0.1%		
<b>Operating Profit</b>	131	<b>183</b>	+52	+39.7%	259	<b>342</b>	+83	+32.1%		
<b>Profit before tax</b>	45	<b>448</b>	+403	+887.3%	180	<b>553</b>	+373	+207.0%		
<b>Profit for the period attributable to owners of the parent</b>	-35	<b>294</b>	+329	-	37	<b>340</b>	+303	+821.0%		
<b>Operating profit margin</b>	4.0%	<b>5.5%</b>			3.9%	<b>5.2%</b>				
<b>Forex(Average)</b>	JPY/USD	102.16	<b>121.36</b>		102.47	<b>120.23</b>				
	JPY/EUR	140.07	<b>134.16</b>		140.43	<b>134.17</b>				
<b>Crude Oil</b>	\$/BBL (Dubai)	106.2	<b>61.1</b>		105.4	<b>56.7</b>				

# Consolidated Statement of Financial Position

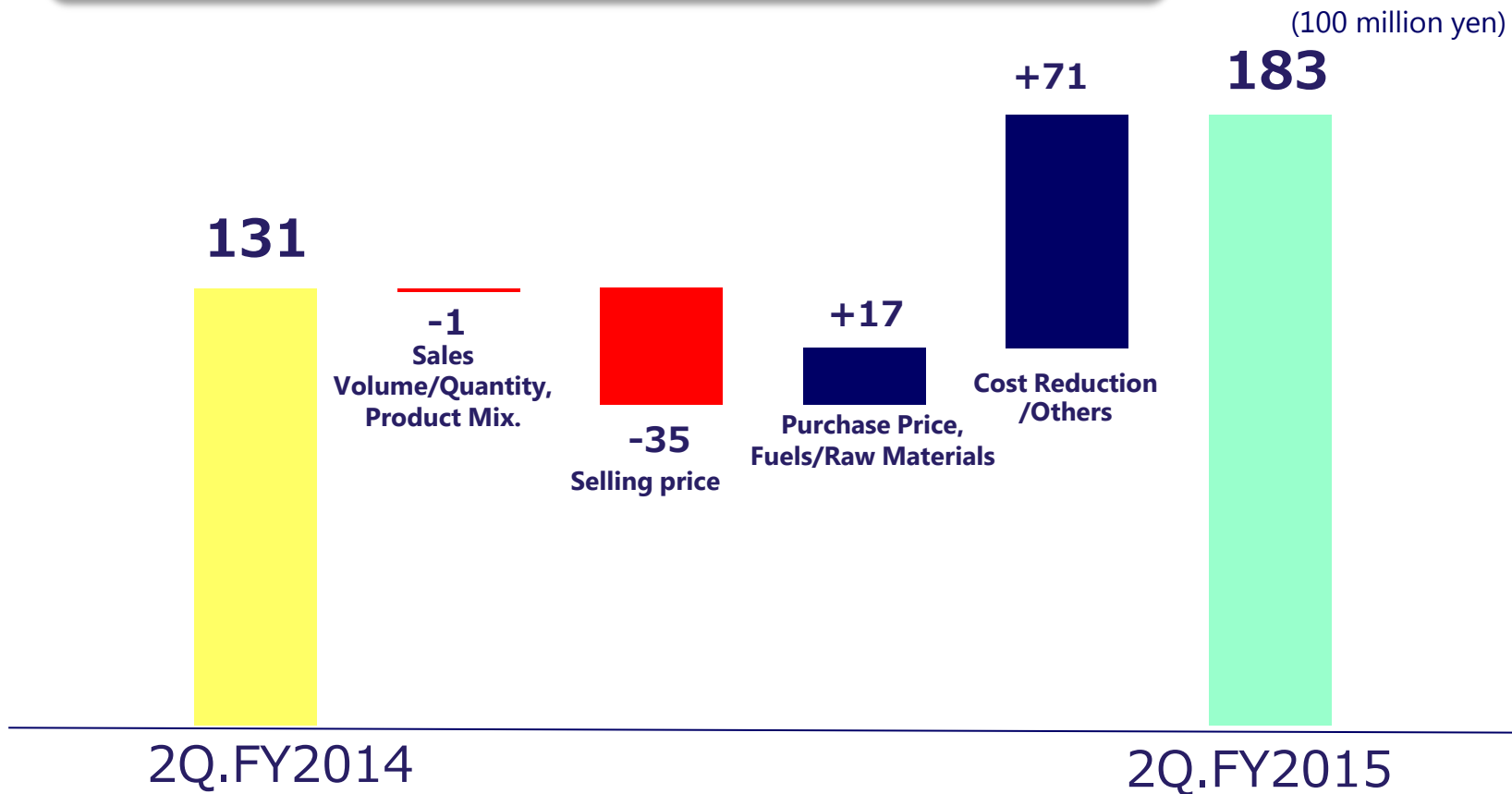


	2Q			1-2Q Total		
	FY2014	FY2015	Change	FY2014	FY2015	Change
	(100 million yen)					
<b>Net Sales</b>	3,300	<b>3,330</b>	+29*	6,592	<b>6,586</b>	-6*
<b>Operating Profit</b>	131	<b>183</b>	+52	259	<b>342</b>	+83
other income/expenses	-86	<b>254</b>		-60	<b>211</b>	
<b>Business Profit</b>	45	<b>436</b>	+391	199	<b>553</b>	+354
Financial income/cost	0	<b>11</b>		-19	<b>0</b>	
<b>Profit before tax</b>	45	<b>448</b>	+403	180	<b>553</b>	+373
income tax expenses	65	<b>145</b>		119	<b>199</b>	
<b>Profit for the period</b>	-20	<b>303</b>	+323	61	<b>354</b>	+293
attributable to owners of the parent	-35	<b>294</b>	+329	37	<b>340</b>	+303
attributable to non-controlling interests	15	<b>9</b>		24	<b>14</b>	

\* Foreign exchange fluctuation resulted in +14.3 billion yen in Net sales in 2Q, and +25.6 billion yen in Net sales in 1-2Q total.

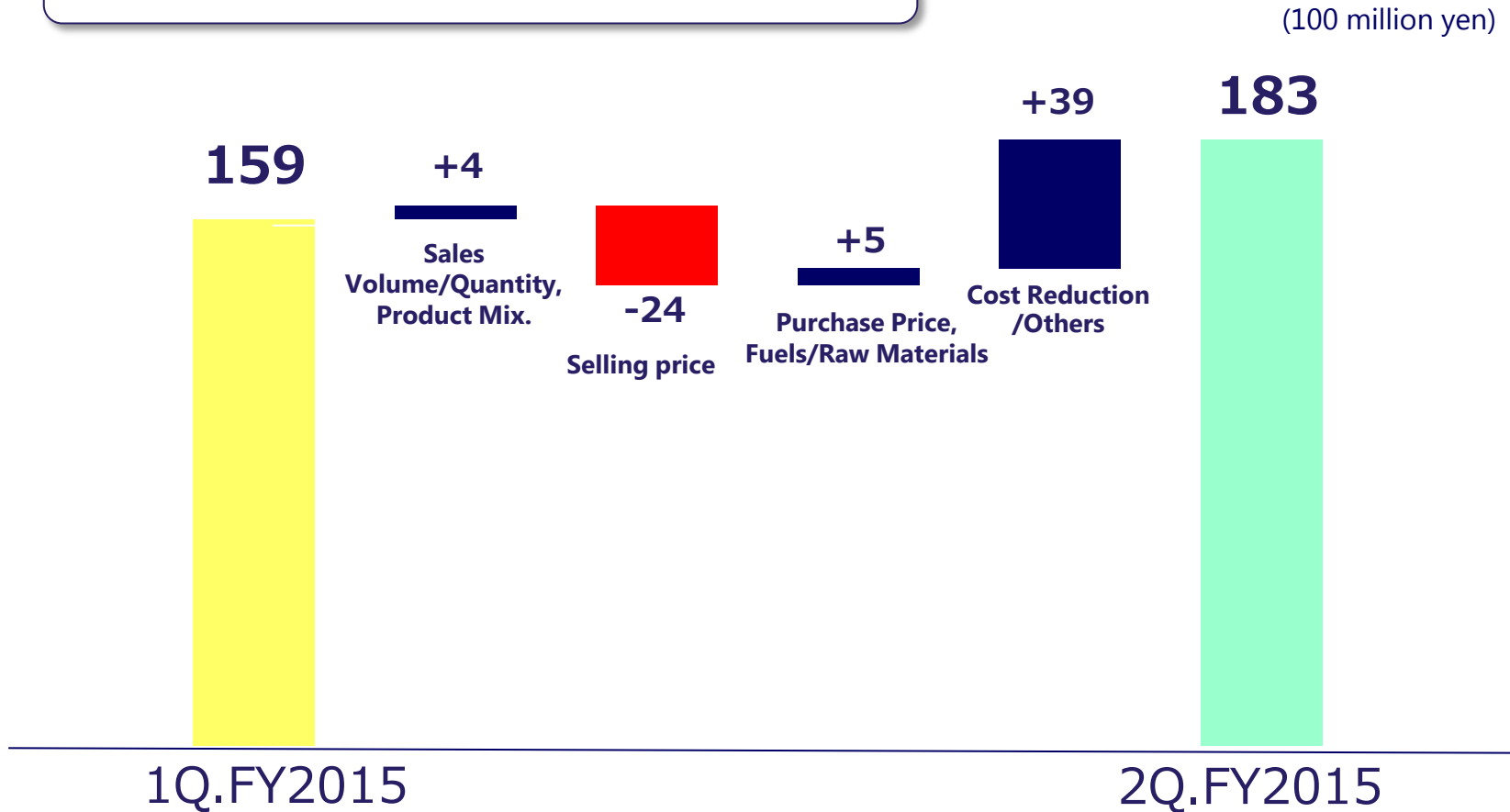
# Variance Analysis on OP(2Q.FY2015 vs. 2Q.FY2014) **AGC**

¥5.2 bn. up from the same period last year



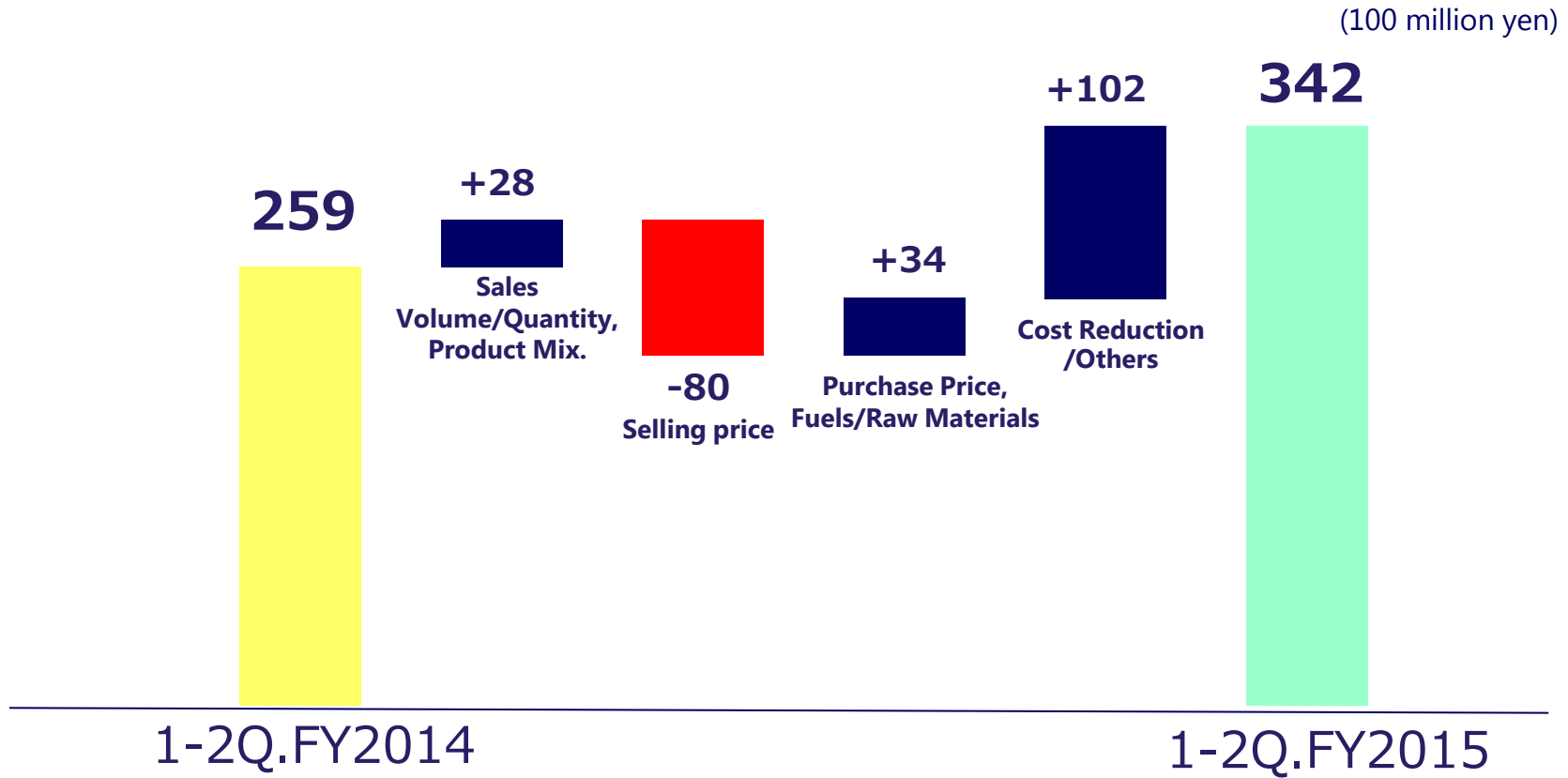
# Variance Analysis on OP(2Q.FY2015 vs. 1Q.FY2015) **AGC**

¥2.4 bn. up from the last quarter



# Variance Analysis on OP(1-2Q.FY2015 vs. 1-2Q.FY2014) **AGC**

**¥8.3 bn. up from the same period last year**



# Consolidated Statement of Financial Position



	2014/12	2015/6	Change	(100 million yen)
Cash and cash equivalents	697	<b>944</b>	+247	
Inventories	2,395	<b>2,505</b>	+110	
Property, plant and equipment, Goodwill and Intangible assets	11,283	<b>11,001</b>	-282	
Other assets	6,399	<b>6,582</b>	+184	
<b>Total assets</b>	<b>20,773</b>	<b>21,032</b>	<b>+259*</b>	
Interest-bearing debt	4,993	<b>4,847</b>	-146	
Other liabilities	3,976	<b>3,741</b>	-235	
<b>Liabilities</b>	<b>8,968</b>	<b>8,588</b>	<b>-381</b>	
Total equity attributable to owners of the parent	11,131	<b>11,755</b>	+624	
Non-controlling interests	674	<b>690</b>	+16	
<b>Equity</b>	<b>11,805</b>	<b>12,444</b>	<b>+640</b>	
<b>Total liabilities and equity</b>	<b>20,773</b>	<b>21,032</b>	<b>+259*</b>	
<b>D/E ratio</b>	<b>0.42</b>	<b>0.39</b>	* -11.6 billion yen due to foreign exchange fluctuation	



# Consolidated Statement of Cash Flow



	2Q		1-2Q Total <small>(100 million yen)</small>	
	FY2014	FY2015	FY2014	FY2015
Profit before tax	45	<b>448</b>	180	<b>553</b>
Depreciation and amortization expense	342	<b>354</b>	683	<b>692</b>
Increase(decrease) in working capital	-46	<b>-63</b>	-2	<b>30</b>
Others	13	<b>-373</b>	-101	<b>-359</b>
<b>Cash flows from operating activities</b>	<b>354</b>	<b>367</b>	<b>759</b>	<b>917</b>
<b>Cash flows from investing activities</b>	<b>-241</b>	<b>-277</b>	<b>-449</b>	<b>-524</b>
<b>Free cash flow</b>	<b>113</b>	<b>90</b>	<b>310</b>	<b>393</b>
Changes in interest-bearing debt	73	<b>82</b>	-173	<b>-54</b>
Dividend paid	-	-	-58	<b>-104</b>
Others	-5	<b>-5</b>	10	<b>0</b>
<b>Cash flows from financing activities</b>	<b>68</b>	<b>77</b>	<b>-221</b>	<b>-158</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-8</b>	<b>-7</b>	<b>-21</b>	<b>12</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>173</b>	<b>160</b>	<b>67</b>	<b>247</b>

	2Q		1-2Q Total <small>(100 million yen)</small>	
	FY2014	<b>FY2015</b>	FY2014	<b>FY2015</b>
<b>CAPEX</b>	301	<b>307</b>	536	<b>559</b>
<b>Depreciation</b>	342	<b>354</b>	683	<b>692</b>
<b>R&amp;D</b>	116	<b>94</b>	231	<b>194</b>

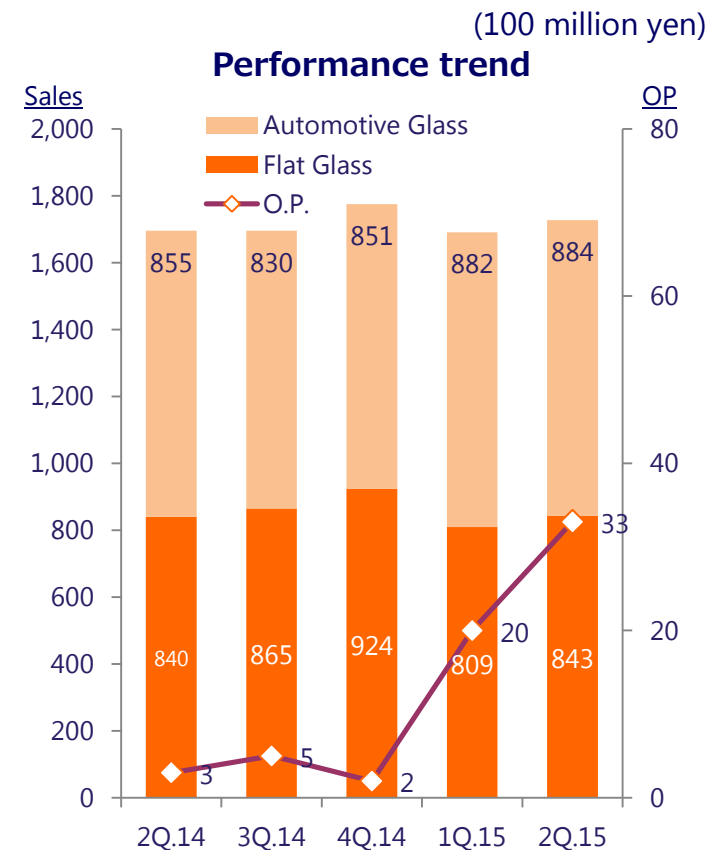
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## 2. Information by Business and Geographic Segment

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

	2Q			1-2Q Total		
	FY2014	FY2015	Change	FY2014	FY2015	Change
Net Sales	1,694	<b>1,727</b>	<b>+33</b>	3,393	<b>3,418</b>	<b>+25</b>
Operating profit	3	<b>33</b>	<b>+30</b>	-9	<b>53</b>	<b>+62</b>

Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	2Q	1,727	712	327	726	-38
	1-2Q Total	3,418	1,462	632	1,420	-98
Flat glass	2Q	843	289	123	458	-27
	1-2Q Total	1,652	576	248	898	-70
Automotive glass	2Q	884	423	203	268	-11
	1-2Q Total	1,766	887	384	523	-28



\* 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 3Q and 4Q of 2014 are unaudited.

## 【YoY comparison for the first six 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]

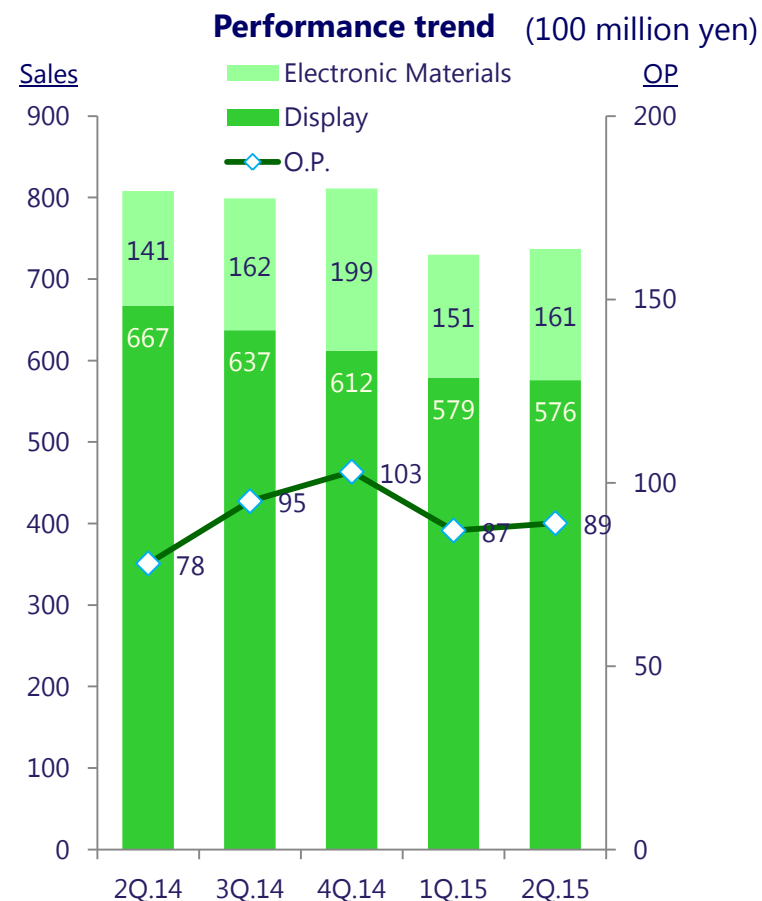
- Sales increased thanks to recovery of auto production in Western Europe and robust demand in North America, although auto production decreased in Japan, some Asian countries and Eastern Europe.

■ OP up thanks to cost reduction efforts and growth of non-LCD glass products in spite of the impact of LCD glass price decline.

	2Q			1-2Q Total		
	FY2014	FY2015	Change	FY2014	FY2015	Change
Net sales	808	<b>737</b>	<b>-70</b>	1,588	<b>1,467</b>	<b>-120</b>
Operating profit	78	<b>89</b>	<b>+11</b>	172	<b>176</b>	<b>+4</b>

### Breakdown of sales

Display	2Q	576
	1-2Q Total	1,155
Electronic Materials	2Q	161
	1-2Q Total	312



\* 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 3Q and 4Q of 2014 are unaudited.

## 【YoY comparison for the first six 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 decreased.
- Sales declined due to the end of PDP related product shipments.

### [Electronic Materials]

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

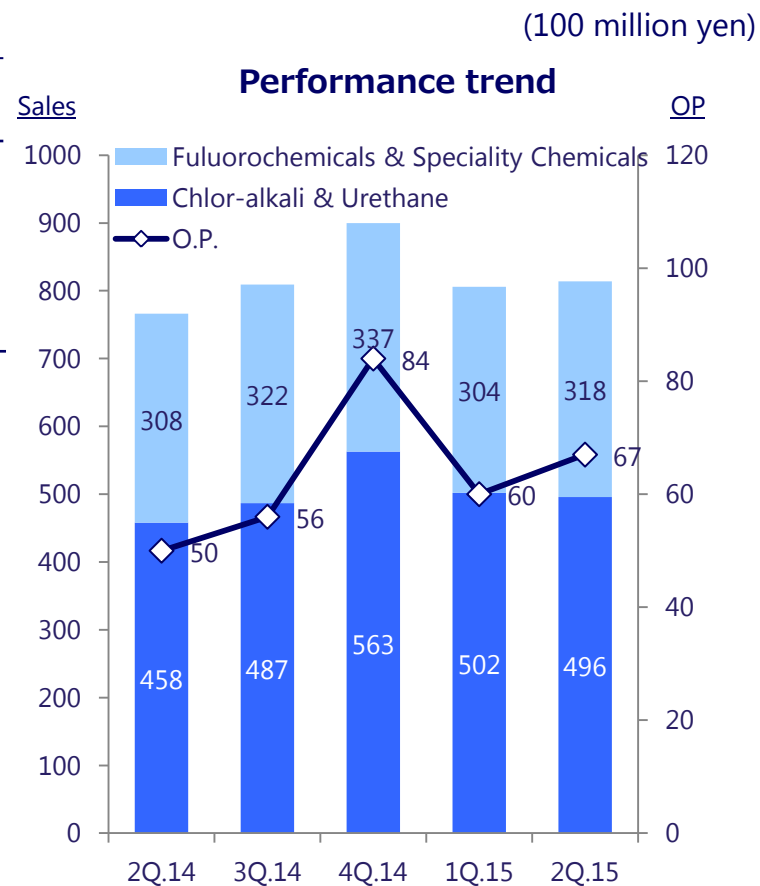


## Steady improvement on a YoY and QoQ basis.

	2Q			1-2Q Total		
	FY2014	FY2015	Change	FY2014	FY2015	Change
Net sales	747	<b>789</b>	<b>+43</b>	1,509	<b>1,574</b>	<b>+65</b>
Operating profit	50	<b>67</b>	<b>+17</b>	101	<b>127</b>	<b>+26</b>

### Breakdown of sales

Chlor-alkali & Urethane	2Q	496
	1-2Q Total	998
Fluorochemicals & Specialty Chemicals	2Q	318
	1-2Q Total	622
Elimination	2Q	-24
	1-2Q Total	-46



\* 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 six months】

### 〔Chlor-alkali & Urethane〕

- Shipments remained strong.

### 〔Fluorochemicals & Specialty Chemicals〕

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

# YoY Performance Comparison by Business Segment



	2Q			1-2Q Total			(100 million yen)
	FY2014	<b>FY2015</b>	Change	FY2014	<b>FY2015</b>	Change	
<b>Net sales</b>	3,300	<b>3,330</b>	+29	6,592	<b>6,586</b>	-6	
Glass	1,694	<b>1,727</b>	+33	3,393	<b>3,418</b>	+25	
Electronics	808	<b>737</b>	-70	1,588	<b>1,467</b>	-120	
Chemicals	747	<b>789</b>	+43	1,509	<b>1,574</b>	+65	
Ceramics/Other	225	<b>186</b>	-38	380	<b>325</b>	-55	
Elimination	-172	<b>-110</b>	+63	-278	<b>-198</b>	+80	
<b>Operation profit</b>	131	<b>183</b>	+52	259	<b>342</b>	+83	
Glass	3	<b>33</b>	+30	-9	<b>53</b>	+62	
Electronics	78	<b>89</b>	+11	172	<b>176</b>	+4	
Chemicals	50	<b>67</b>	+17	101	<b>127</b>	+26	
Ceramics/Other	0	<b>-6</b>	-6	-6	<b>-14</b>	-8	
Elimination	-0	<b>-0</b>	-0	2	<b>0</b>	-1	

# Quarterly Performance Comparison by Business Segment

(100 million yen)

	1Q. FY2015	2Q. FY2015	Change	Change%
<b>Net sales</b>	3,256	<b>3,330</b>	+74	+2.3%
Glass	1,691	<b>1,727</b>	+36	+2.1%
Electronics	730	<b>737</b>	+7	+1.0%
Chemicals	785	<b>789</b>	+5	+0.6%
Ceramics/Other	139	<b>186</b>	+48	+34.5%
Elimination	-88	<b>-110</b>	-21	-
<b>Operating profit</b>	159	<b>183</b>	+24	+14.8%
Glass	20	<b>33</b>	+13	+65.3%
Electronics	87	<b>89</b>	+1	+1.6%
Chemicals	60	<b>67</b>	+6	+10.7%
Ceramics/Other	-9	<b>-6</b>	+3	-
Elimination	0	<b>-0</b>	-0	-

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

	2Q			1-2Q Total (100 million yen)		
	FY2014	<b>FY2015</b>	Change	FY2014	<b>FY2015</b>	Change
<b>Net Sales</b>	3,300	<b>3,330</b>	+29	6,592	<b>6,586</b>	-6
Japan/Asia	2,265	<b>2,267</b>	+2	4,570	<b>4,538</b>	-32
Americas	343	<b>400</b>	+56	667	<b>776</b>	+110
Europe	803	<b>779</b>	-24	1,580	<b>1,525</b>	-55
Elimination	-110	<b>-115</b>	-4	-225	<b>-254</b>	-29
<b>Operation profit</b>	131	<b>183</b>	+52	259	<b>342</b>	+83
Japan/Asia	239	<b>239</b>	+0	495	<b>487</b>	-9
Americas	-15	<b>14</b>	+29	-37	<b>18</b>	+55
Europe	-7	<b>0</b>	+7	-39	<b>-14</b>	+25
Elimination	2	<b>0</b>	-2	5	<b>-4</b>	-8
Cross-regional common expenses	-88	<b>-71</b>	+17	-165	<b>-145</b>	+20

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

	1Q. FY2015	2Q. FY2015	Change	(100 million yen) Change%
<b>Net Sales</b>	3,256	<b>3,330</b>	+74	+2.3%
Japan/Asia	2,272	<b>2,267</b>	-5	-0.2%
Americas	377	<b>400</b>	+23	+6.1%
Europe	747	<b>779</b>	+32	+4.3%
Elimination	-139	<b>-115</b>	+24	-
<b>Operation profit</b>	159	<b>183</b>	+24	+14.8%
Japan/Asia	247	<b>239</b>	-8	-3.1%
Americas	5	<b>14</b>	+9	+196.5%
Europe	-14	<b>0</b>	+14	-
Elimination	-4	<b>0</b>	+4	-
Cross-regional common expenses	-75	<b>-71</b>	+4	-

# The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1-2Q.FY2014)

Net sales	(100 million yen)			
	Consolidated total*	Glass	Electronics	Chemicals
1-2Q. FY2015	<b>6,586</b>	<b>3,418</b>	<b>1,467</b>	<b>1,574</b>
Change vs. 1-2Q. FY2014	-6	+25	-120	+65
Change like-for-like vs. 1Q. FY2014	-328	-115	-151	-79
Impact of FOREX	+256	+124	+31	+95
Impact of Change in the Scope of Consolidation	+66	+16	+0	+49

\* 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>1,355.0 billion yen (up 6.7 billion yen YoY)</b>
<b>Operating profit</b>	<b>70.0 billion yen (up 7.9 billion yen YoY)</b>
<b>Profit for the year attributable for the owners of the parent</b>	<b>40.0 billion yen (up 24.1 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 increase thanks to the effect of structural reforms of the architectural glass business in Europe & America and decline of raw materials and fuel prices.
- ✓ 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.

(100 million yen)

		FY2014	FY2015 Forecast	Change	Change%
<b>Net sales</b>		13,483	<b>13,550</b>	+67	+0.5%
<b>Operating profit</b>		621	<b>700</b>	+79	+12.7%
<b>Profit before tax</b>		412	<b>730</b>	+318	+77.3%
<b>Profit for the year attributable to owners of the parent</b>		159	<b>400</b>	+241	+151.4%
<b>Dividend (yen/share)</b>		18	<b>18</b>		
<b>Operating profit margin</b>		4.6%	<b>5.2%</b>		
<b>ROE</b>		1.4%	<b>3.6%</b>		
<b>Forex (Average)</b>	JPY/USD	105.85	<b>120.0</b>		
	JPY/EUR	140.42	<b>135.0</b>		
<b>Crude oil</b>	\$/BBL(Dubai)	96.5	<b>63.3</b>		

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

\* Revised from BOY assumption 140.0

\* Assumption for FY2015 Second half : **70.0**.

## [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 overall strong auto production despite possible slowdown in some regions.

## [Electronics]

- Shipments of TFT-LCD glass substrates are expected to remain strong. Selling price decline will be kept within the expected range. 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]

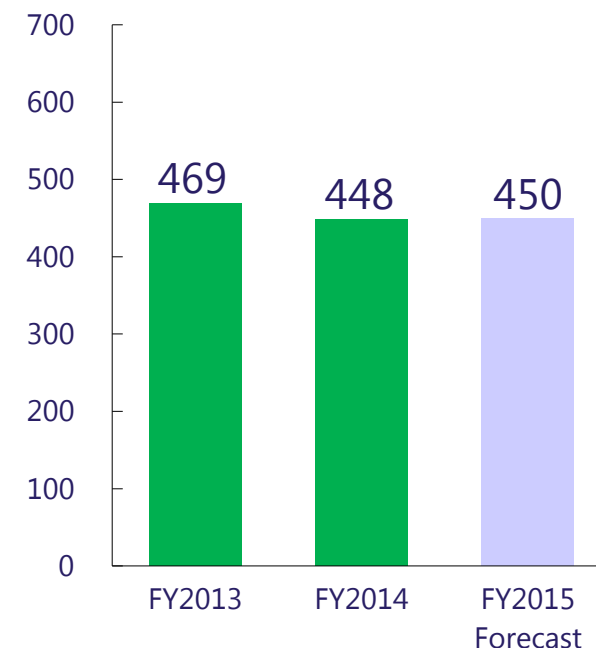
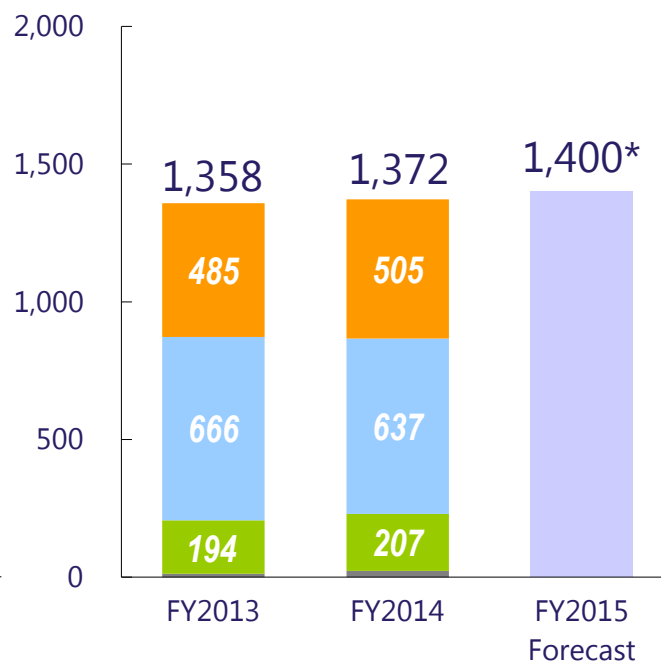
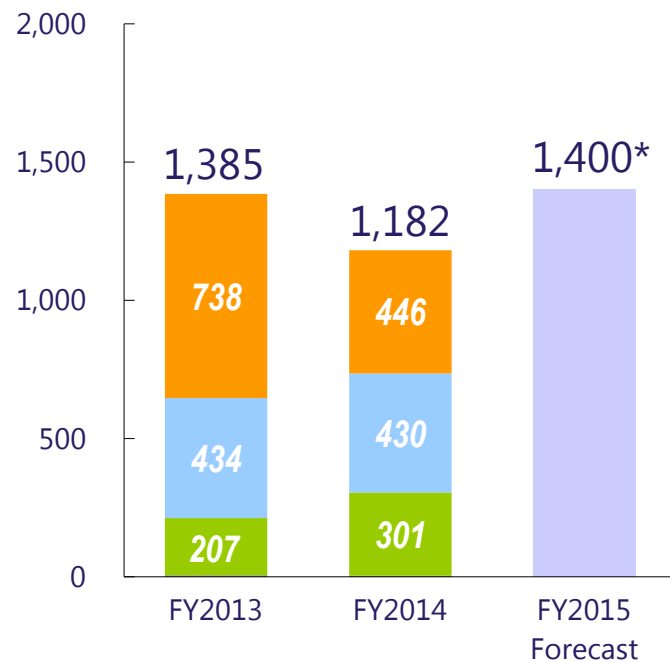
- Shipments of chlor-alkali products and fluorochemicals related products are expected to remain strong.

(100 million yen)

## CAPEX

## Depreciation

## R&D



\* Revised from BOY forecast 1,500

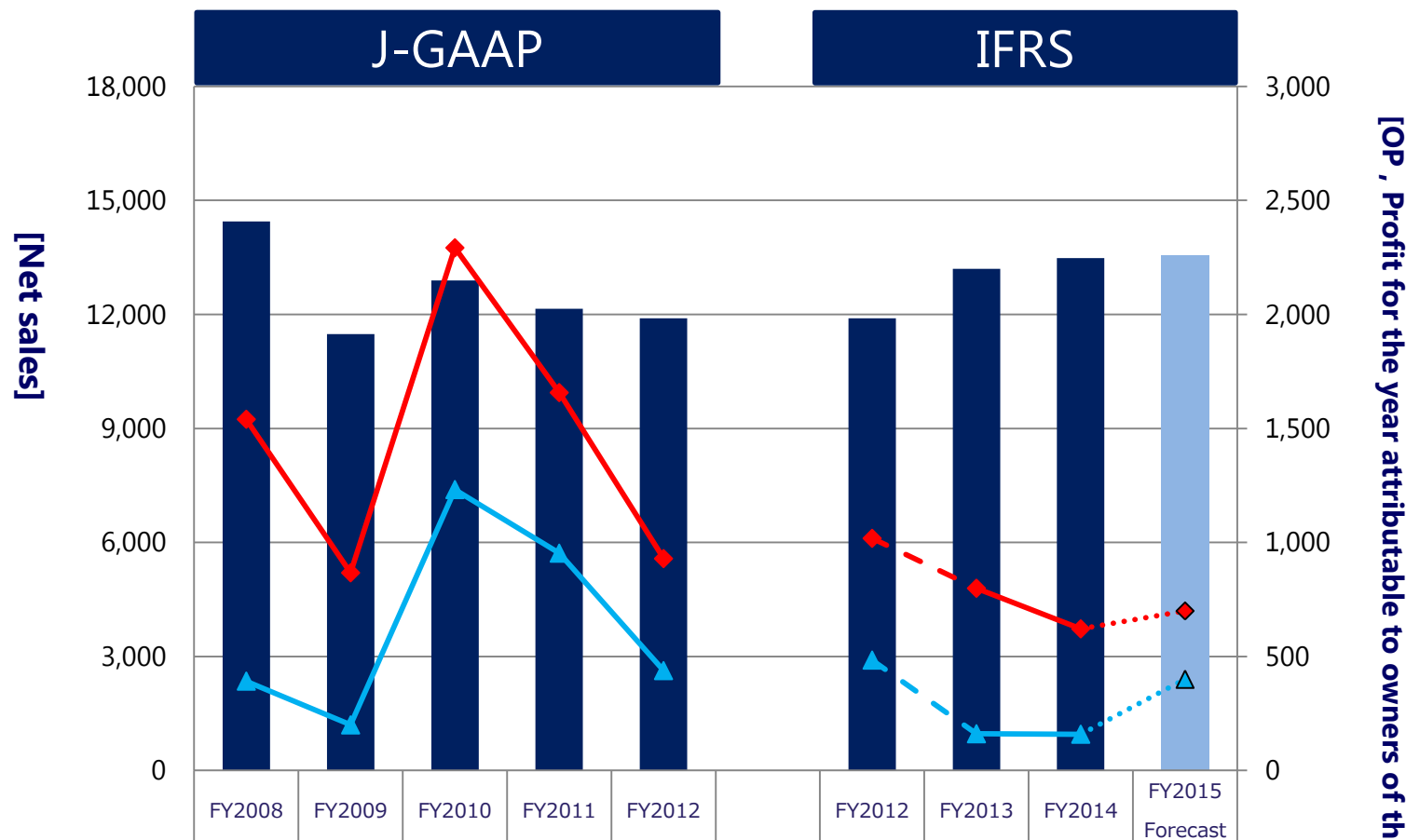
\* Revised from BOY forecast 1,500

■ 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	13,550
Operating profit	1,540	867	2,292	1,657	929	1,018	799	621	700
Profit for the year attributable to owners of the parent*	392	200	1,232	953	438	484	161	159	400
Operating profit margin	10.7%	7.5%	17.8%	13.6%	7.8%	8.6%	6.1%	4.6%	5.2%
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	2Q	3Q	4Q	
JPY / USD	Average	102.78	102.16	103.92	114.54	105.85	119.09	121.36	120.0 <sup>*4</sup>	
	At quarter end	102.92	101.36	109.45	120.55	120.55	120.17	122.45		
JPY / EUR	Average	140.79	140.07	137.76	143.07	140.42	134.18	134.16	135.0 <sup>*4</sup>	
	At quarter end	141.65	138.31	138.87	146.54	146.54	130.32	137.23		

\*4 Assumption for 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
June 3	AGC Releases "infoverre™ MIRROR," Enabling Unique Information Display on Mirror
July 14	AGC Supplies "XCV™ " Glass Substrate for LGPs that Enable Extra-thin LCD TVs

# Disclaimer

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