



The AGC Group “Vision 2025”

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AGC Group CEO**

February 5, 2016

Key messages

- 1. The AGC Group is on the way to achieve its management targets set under *“AGC plus-2017”*.**
- 2. The AGC Group’s “Vision 2025” and how we plan to achieve our goals.**

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1. Review of FY2015

Summary of the CEO presentation on Feb.6, 2015

- (1) In 2015, we will put an end to the profit decline.**
- (2) Under AGC plus, we aim to achieve the following business target by the end of 2017.**

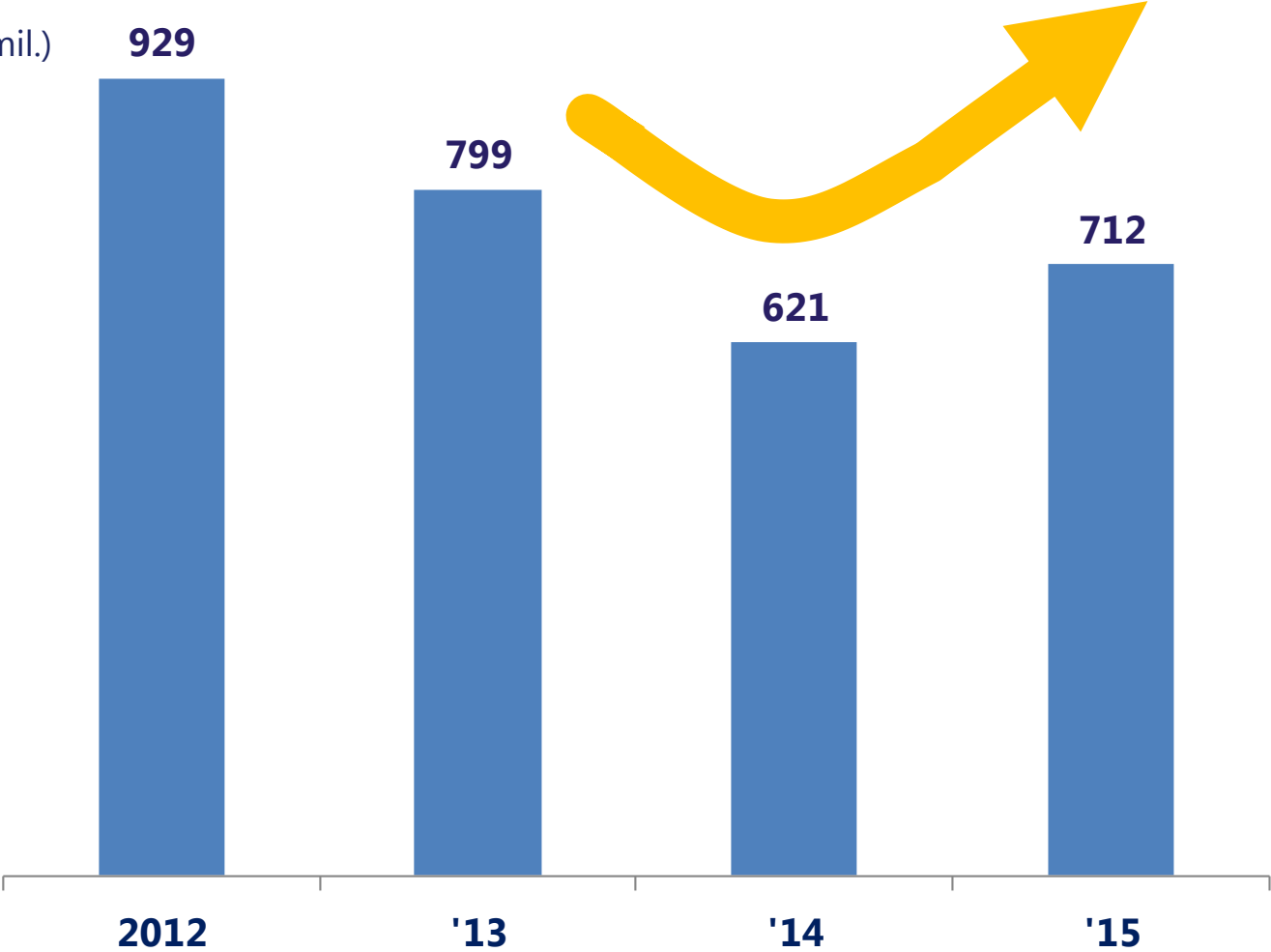
Sales	¥1.6 trillion
Operating profit	more than 100 billion
ROE	5% or above
D/E	0.5 or less

- (3) Achieve a well-balanced earnings structure.**

Put an end to the profit decline

[Operating profit]

(Unit: ¥100 mil.)



Summary of the CEO presentation on Feb.6, 2015



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- (3) Achieve a well-balanced earnings structure.

Enhancing the Group's corporate value

◆ The AGC Group made a steady progress in building growth foundations.

		FY2014	FY2015	Evaluation	FY2017 Target
Increase the Group's sales	Sales (¥100 mil.)	13,483	13,263		16,000
Increase the Group's asset efficiency	ROE	1.4%	3.9%		5% or above

Sales didn't increase, however, asset efficiency improved with a recovery in the architectural glass business in Americas and Europe & progress in structural reforms .

Summary of the CEO presentation on Feb.6, 2015

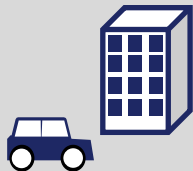
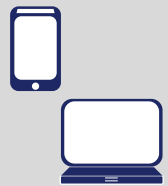

- (1) In 2015, we will put an end to the profit decline.
- (2) Under AGC plus, we aim to achieve the following business target by the end of 2017.

Sales	¥1.6 trillion
Operating profit	more than 100 billion
ROE	5% or above
D/E	0.5 or less

- (3) **Achieve a well-balanced earnings structure.**

The AGC Group's business portfolio

◆ The AGC Group aims to achieve the FY2017 management target by increasing both sales and asset efficiency.

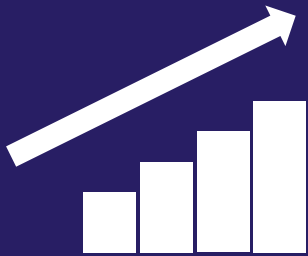
	Growth	Cash generator	Strength-building area
Glass 	-Automotive glass	-Architectural glass (Fast growing countries)	-Architectural glass (Developed countries)
Electronics 	-Electronic materials -Glass for chemical strengthening -Ultra thin glass	-LCD glass	-Specialty glass
Chemicals 	-Chlor-Alkali (Outside Japan) -Fluorochemicals -Life science		-Chlor-Alkali (Japan)

Actions taken in FY2015

- ◆ Making investment decisions for next round of growth in parallel with structural reforms. The AGC Group worked to build a basis for mid- to long-term growth.

Actions taken in FY2015

Growth



[Automotive glass]

- New plant in Mexico and third automotive plant in China started operation.
- Acquired NordGlass, an automotive replacement glass company in Poland

Electronics :

- Started the light guide plate glass business.

Chemicals:

- Decided to increase the PVC capacity in Vietnam by 50%
- Decided to construct a power generation plant in Indonesia

Cash generator



[Architectural glass (Fast growing countries)]

- Decided to increase the Low-E glass production capacity in Thailand by 50%.

LCD glass

- Decided to relocate a LCD glass furnace to China from Japan

Strength-building area



[Architectural glass (Developed countries)]

- Implemented structural reforms in the architectural fabrication business in Europe.

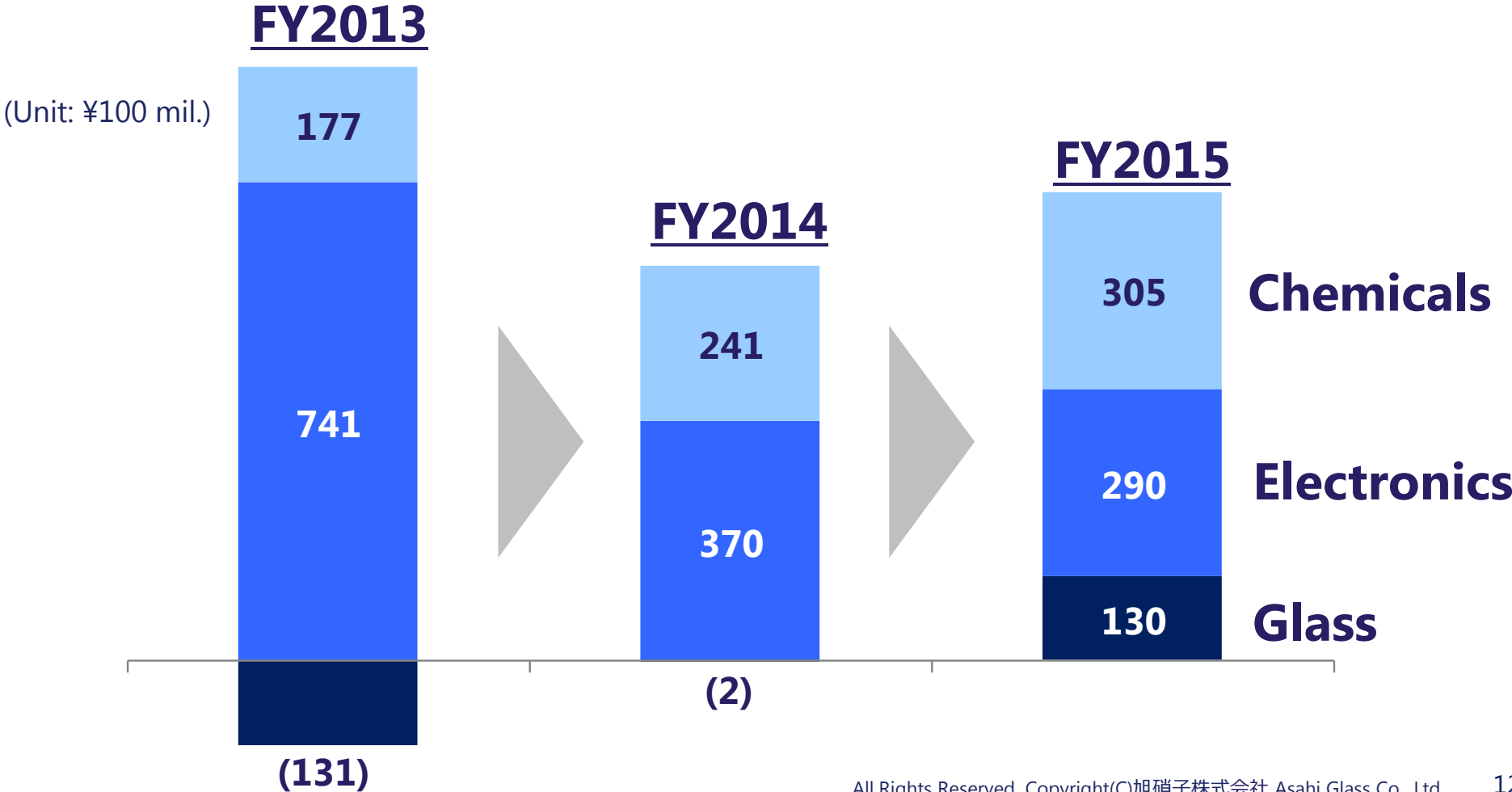
Electronics:

- Implemented structural reforms in the PDP glass business and the specialty glass business.

Change in the Group's earning structure

◆ The AGC Group's earning structure is becoming more evenly balanced.

Operating profit by business



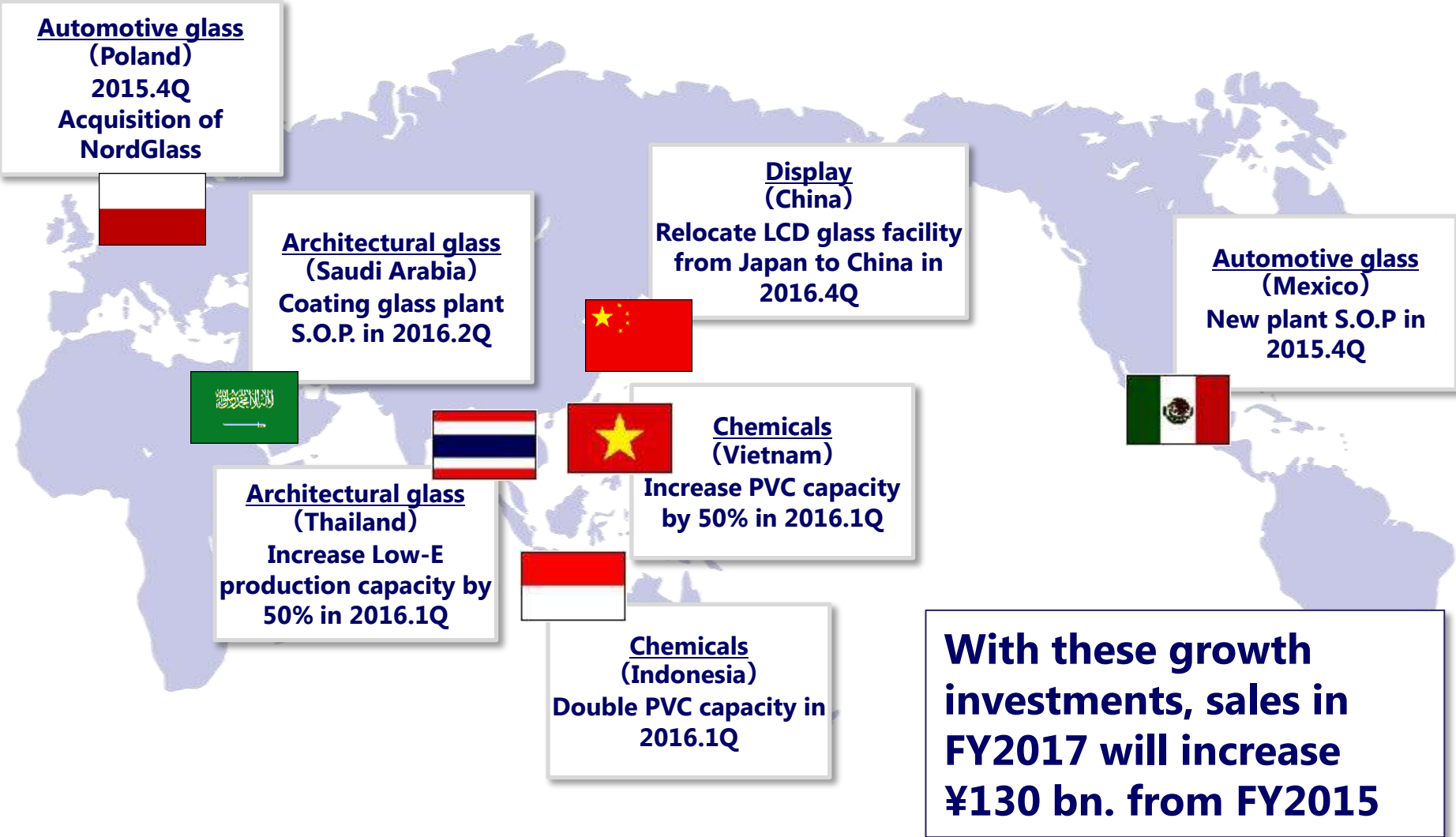
2. Progress towards FY2017 management targets

Strategic direction by business (No change from FY2015)

Strategic direction		FY2017 Target
<p>Glass</p> 	<p>[Architectural glass] -Increase asset efficiency & improve earnings -Continue with strength building and structural reform -Stop doing all on our own and use joint venture & outsourcing opportunities</p> <p>[Automotive glass] -Solidify the No.1 position in the market through the growth of high performance products and geographical expansion of its business bases</p>	<p>ROS 5% Or more</p>
<p>Electronics</p> 	<p>[LCD glass] -Reduce costs and keep the profitability level -Shift the production capacity to growing China</p> <p>[Electronic materials] -Concentrate the management resources in areas with growth potential</p> <p>[Applied glass materials] -"thin, light and strong glass" in various markets (in Electronics, building , automotive and solar applications)</p>	<p>ROS 10% or more</p>
<p>Chemicals</p> 	<p>[Chlor-Alkali (Outside Japan)] -Capture business opportunities in the growing Southeast Asian market</p> <p>[Fluorochemicals] -Grow with globally increasing demand for high-performance materials</p> <p>[Life science] -Focus on the expanding pharmaceutical & agrochemical market</p>	<p>ROS 10% or more</p>

Growth drivers in 2016 and 2017 (1)

◆ Growth investments in the past few years will start to bear fruit.



S.O.P.: Start Operation

Growth drivers in 2016 and 2017 (2)

◆ Growth from new businesses and new products.



[Environmental friendly refrigerant]



[Optical components]



[Fluorinated resin]

[Cover glass for Automotive interior]



[Life science]



[UV cut glass]



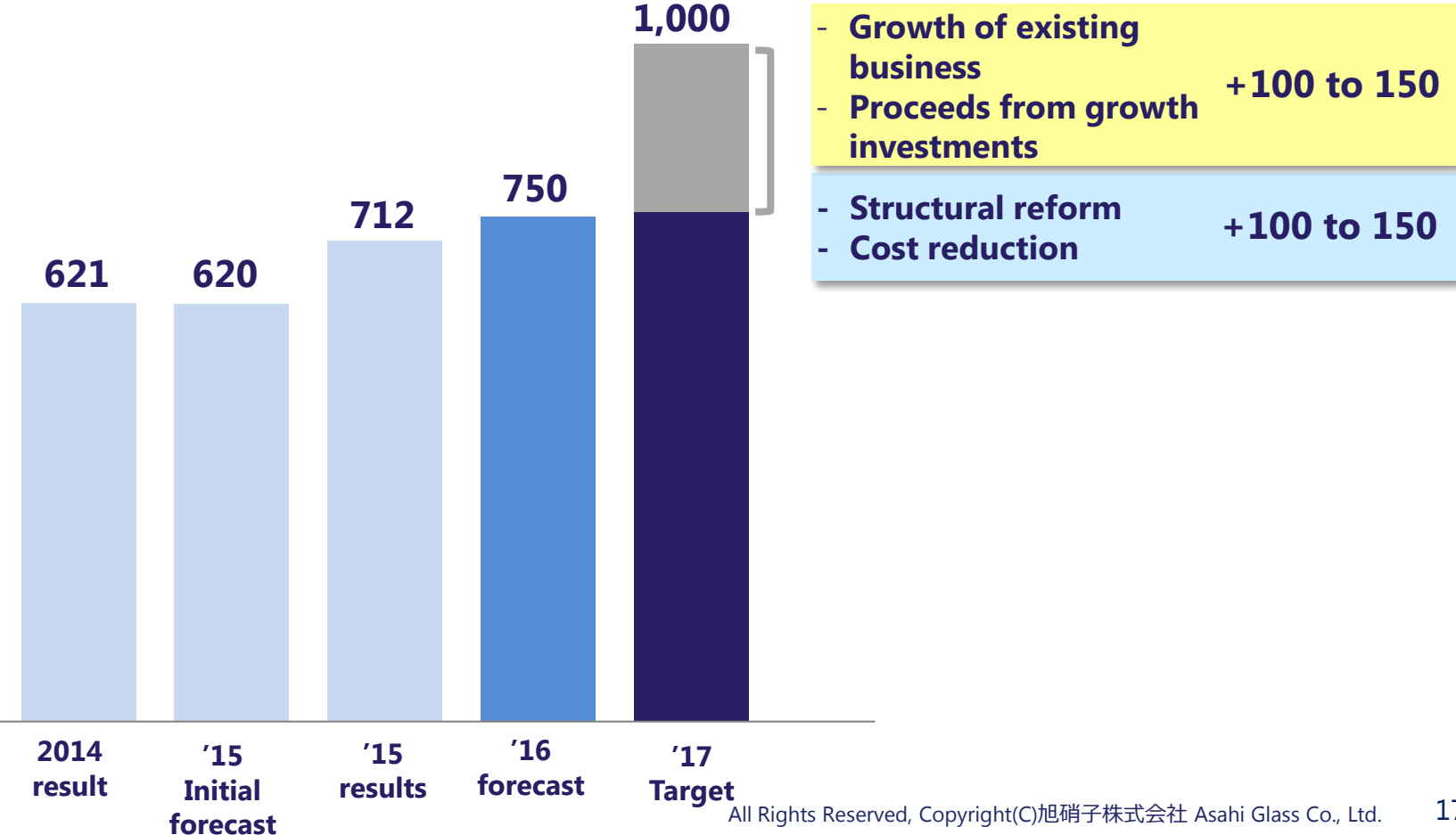
[Low-E glass]

Way to achieve FY2017 management targets

◆ The AGC Group will move on with the management plan and achieve the management target of operating profit exceeding ¥100 bn.

[Operating profit outlook]

(Unit: ¥100 mil.)



3. The AGC Group's Long-term Strategy

- (1) The AGC Group's mission
- (2) "Vision 2025" and growth strategy



3. The AGC Group's Long-term Strategy

(1) The AGC Group's mission

(2) "Vision 2025" and growth strategy



Roots—Where the AGC Group started—

In 1907, AGC Asahi Glass was founded by Toshiya Iwasaki.



創業の精神

- 一、易きに心とまず難きにつく
- 一、人を信ずる心が人を動かす
- 一、世界に冠たる自社技術の確立を
- 一、開発成功の鍵は使命感にあり

Founder's spirits:

“Never take the easy way out, but confront difficulties”, “Faith in other people moves people”, “Aspire to establish world’s leading technologies” and “Commitment is key to success in development efforts.”

**“Challenging spirit”, “Commitment to technology”, and
“Corporate responsibility as a member of society”**

The AGC Group's epoch-making businesses supported the development of society and opened up a new era

Our businesses helped build the leading industries and social & economic development of the times.



Construction boom



Motorization



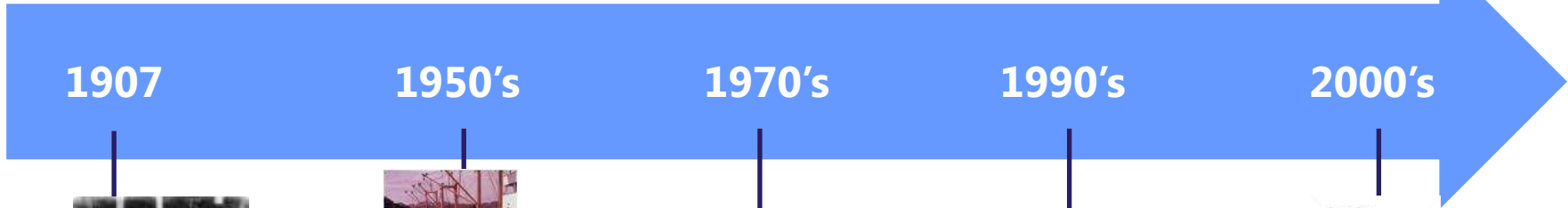
Beginning of TV age



Expansion of eco-friendly businesses/products



IT evolution



1907

1950's

1970's

1990's

2000's



AGC Asahi Glass started flat glass business



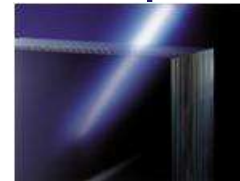
Started automotive glass business



Started CRT glass bulb business



Successfully developed Ion-exchange membrane



Started alkali-free glass for LCD business



Started alternative CFC AK-225 productions



Started chemically-strengthened glass for smartphones



Started CMO for pharmaceutical/agrochemical intermediate

The AGC Group's overseas businesses helped improve the quality of lives all over the world

In cooperation with business partners and local employees, the AGC Group contributed to the development of local economy and society around the world.



1950's

1960-70's

1980's

1990's

2000's



Architectural glass business in India



Architectural/Auto glass and Chemicals business in Thailand/Indonesia



Architectural/Auto glass business in Europe/North America



Fluorochemicals business in Europe/North America



TFT/PDP glass business in Taiwan/Korea



Architectural/Auto glass business in Brazil

The AGC Group's role for the past 100 years

Since the company's foundation in 1907,

- ✓ **The AGC Group has responded to customers' expectations and has built trust with them through our unique materials and solutions, and**
- ✓ **The Group has delivered products that society needs.**



Today, we will redefine “Our Mission”.

The AGC Group's "Our Mission"

AGC, an everyday essential part of our world

-AGC's unique materials and solutions make people's lives better around the world every day-

We, the AGC Group, aim to continue being the "first choice" solution provider for our customers by building long-term trusted relationships with them through unique materials and solutions developed using our wide-ranging material and production technologies.

We will continue offering products and solutions that customers and society need, thereby making people's lives better around the world every day.

3. The AGC Group's Long-term Strategy

- (1) The AGC Group's mission
- (2) "Vision 2025" and growth strategy



The AGC Group's "Vision 2025"

By 2025, the AGC Group's Core Businesses will serve as solid sources of earnings, and Strategic Businesses will become growth drivers and lead further earnings growth.

In 2025, the AGC Group will continue being a highly profitable, leading global material and solution provider.

Toward realization of the "Vision 2025" (1)

◆ Basic concept for the "Vision 2025" "Vision 2025"

Core businesses

Establishing long-term, stable sources of earnings through the portfolio management

- Architectural glass
- Automotive glass (existing)
- Essential chemicals
- Performance chemicals
- Display glass
- Ceramics

Strategic businesses

Establishing highly profitable businesses through expansion of high value-added businesses

- Mobility
- Electronics
- Life science

Wide-ranging customer base

Varieties of material technologies in the field of glass, electronics, chemicals and ceramics

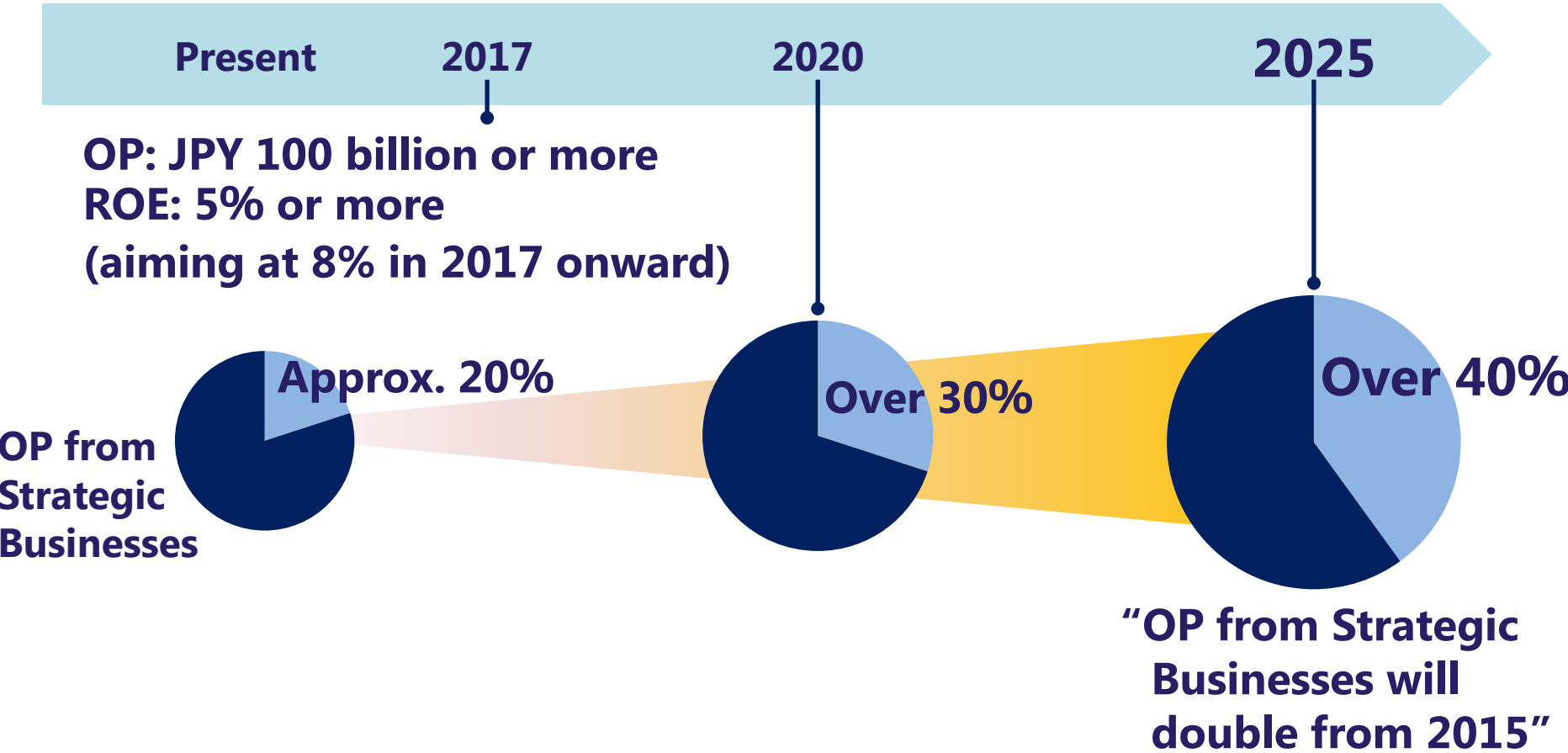
Production technology development capability and operational excellence

Core strategies

Strengths

Toward realization of the "Vision 2025" (2)

◆ Milestones toward 2025



Toward realization of the “Vision 2025” (3)

◆ Basic policy to achieve our goals under the “Vision 2025”

1

Always look from market perspective, respond to customers' needs, and continue building trust with them

2

Achieve sustainable growth in both Core and Strategic Businesses by boldly pursuing strategic M&A opportunities along with the organic growth approach

3

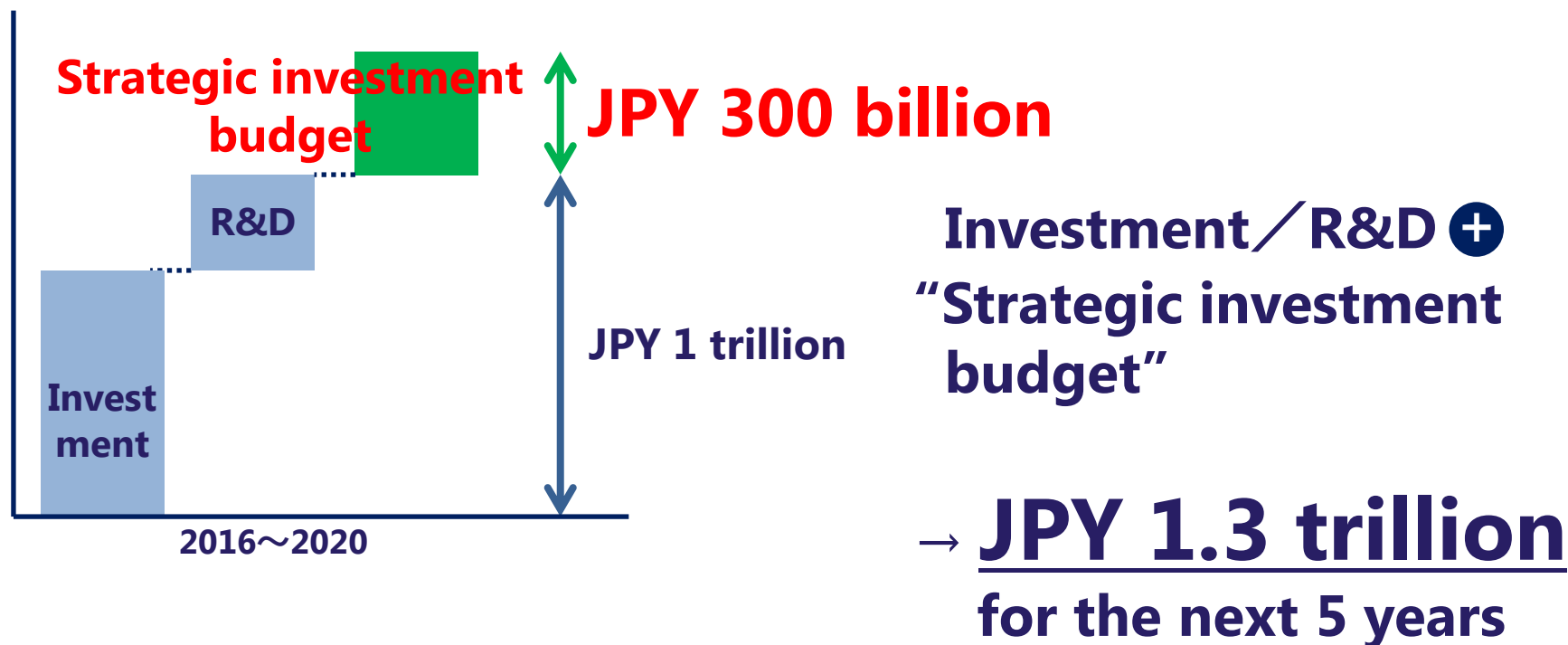
Take advantage of high growth in Asia by leveraging regional operations and strategic actions in the geographical area covering from Southeast Asia through the Middle East

4

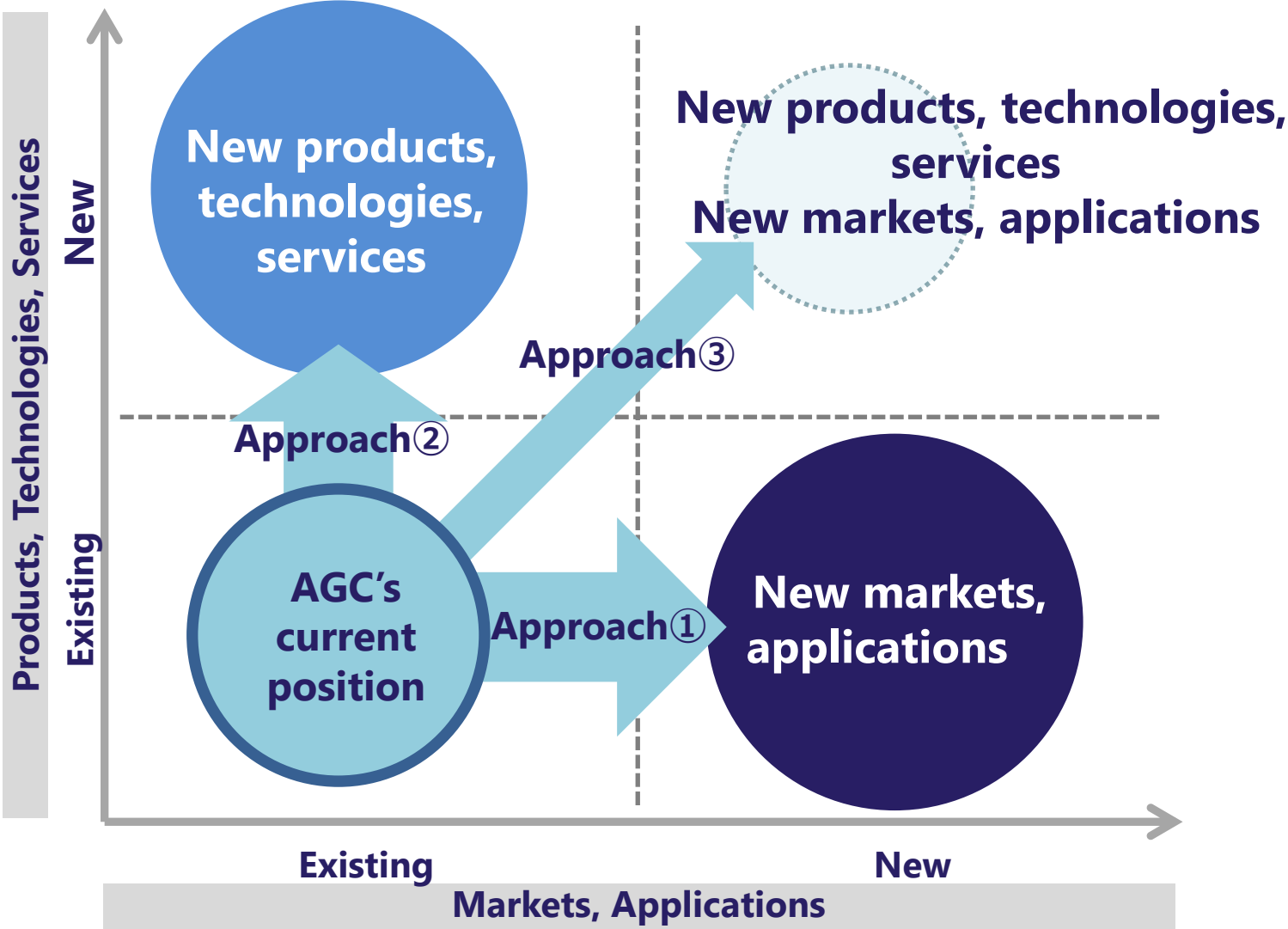
Concentrate the Group's management resources into the business fields that have high earnings/growth potential and achieve the business structure with improved asset efficiency.

Set strategic investment budget and accelerate growth by M&A

- ◆ JPY 1 trillion in investments and R&D for the next 5 years.
- ◆ In addition, allocate JPY 300 billion mainly for M&A in both Core and Strategic Businesses

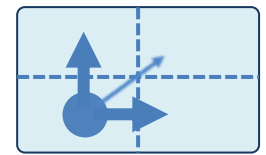


The AGC Group's growth through three approaches



Core Businesses :

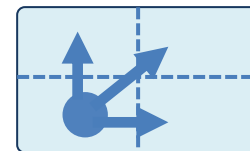
Long-term, stable sources of earnings



Business	Basic strategy
Architectural glass	<ul style="list-style-type: none"> • Select and concentrate on high growth countries & countries that the Group has a competitive advantage • Innovative business models to enhance the asset efficiency
Automotive glass	<ul style="list-style-type: none"> • Respond to needs for more advanced functions and performance amid the expansion of the Eco-friendly vehicles and automated driving systems • Further global expansion by M&A etc.
Display glass	<ul style="list-style-type: none"> • Optimize the allocation of production bases to respond to the demand shift in the LCD glass market • Cultivate markets for new display applications
Chemicals	<ul style="list-style-type: none"> • Further strengthen the business foundation of Chlor-Alkali business in Southeast Asia • Take advantage of the global demand increase in high performance materials for the growth of the fluorochemicals business
Ceramics	<ul style="list-style-type: none"> • Deliver new value propositions with a mix of materials, engineering & services • Establish business bases in Southeast Asia and expand the global sales

Strategic Businesses :

Highly profitable businesses with growth potential



◆The AGC Group's targets for Strategic Businesses: "Mobility", "Electronics", "Life science"

【Changes in the macroscopic environment】

Evolution of transportation infrastructure

Aging society

Everything can be connected

Increase of global population

Anyone can be connected anytime

Greater safety, security, comfort



Mobility



Electronics



Life science

**Integration of
automobiles and ICT**

**Innovation of
transportation ecosystem**

**Diversification of
input/output devices**

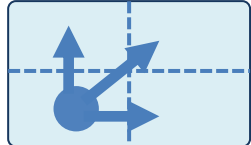
**Greater speed of
communication/Greater
density for data storage**

**Bipolarization of needs
for advanced medicals
and low cost medicals**

**Food shortage/Greater
awareness for food safety**

Strategic Businesses :

Highly profitable businesses with growth potential



◆ Capitalizing on its business foundation, unique materials and solutions in each domain, the AGC Group will capture new business opportunities arising from structural changes in markets.

[AGC's materials and solutions]

Mobility

Electronics

Life science

Advancing automotive ICT



New ecosystem in mobility



Innovation in transportation infrastructure



Evolution of input devices



Innovation in output devices



Big data society



High-quality and reliable pharmaceutical/ agrochemical intermediate



Supplying advanced medicinal technology

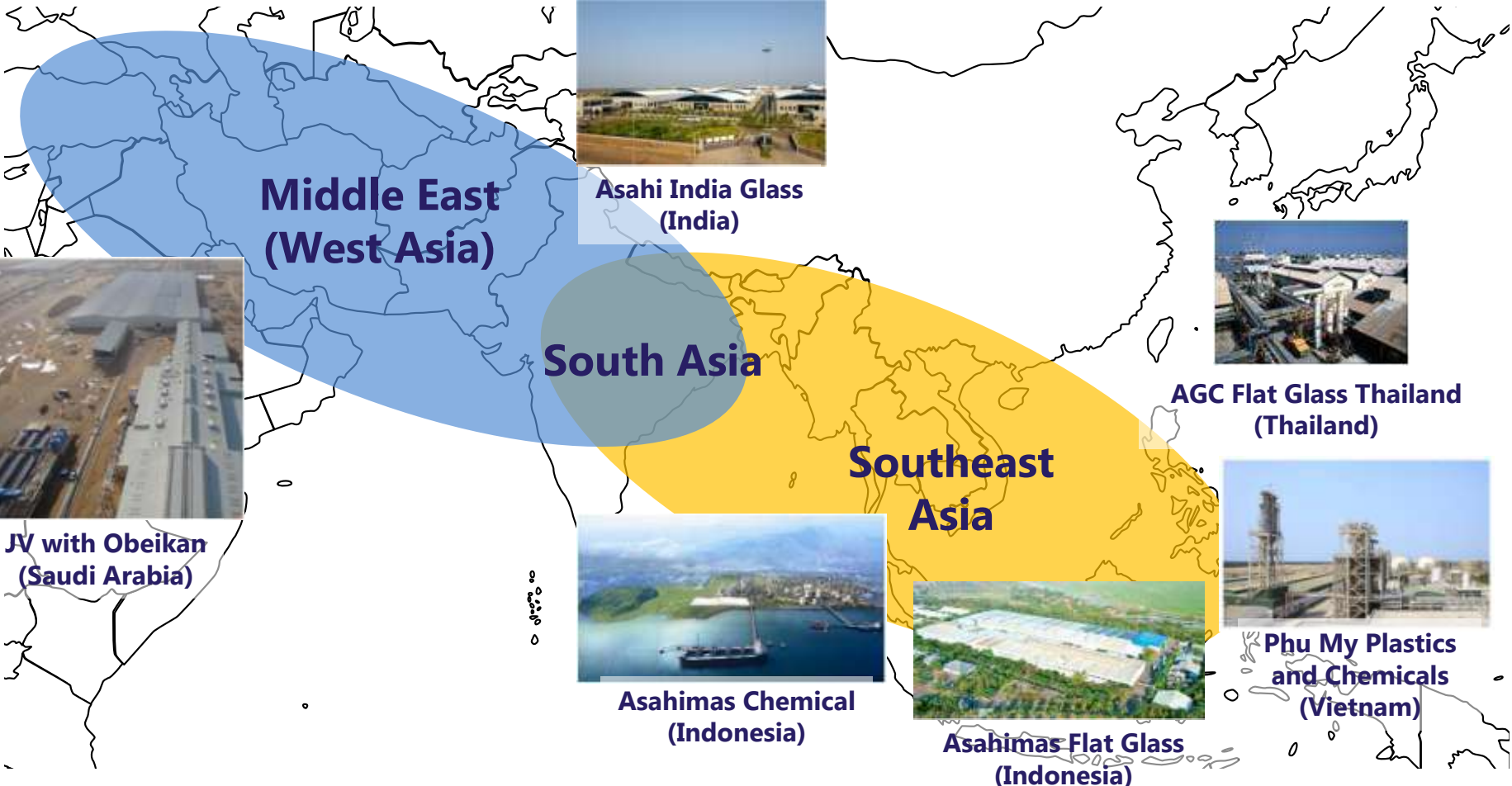


Development of advanced medical technology



Take advantage of high growth in Asia

◆ Take advantage of high growth in Asia by leveraging regional operations and strategic action in the geographical area covering from Southeast Asia through the Middle East



Revision of the shareholder return policy

Background of the revision

Enhance the Group's corporate value

Set the AGC Group's long term strategy

Set the "Basic Policy for Corporate Governance"

Improve the ROE

Revise the shareholder return policy

Current

- Stable dividend
- Target dividend payout : 30% (as a rough guide)

New

- Maintain the current dividend amount per share
- Consolidated total shareholder return ratio: 50% or more (as a rough guide)

New shareholder return policy

New policy

Aiming at the consolidated total shareholders return of 50% or more including the annual dividend payment per share maintained at the current levels or more and the purchase of treasury stock , the AGC Group strives to proactively return profits to shareholders while giving comprehensive consideration to the Group's consolidated business results and future investment plans, among others.

Dividend

Maintain the current level of the annual dividend payment per share (18 yen) or more

+

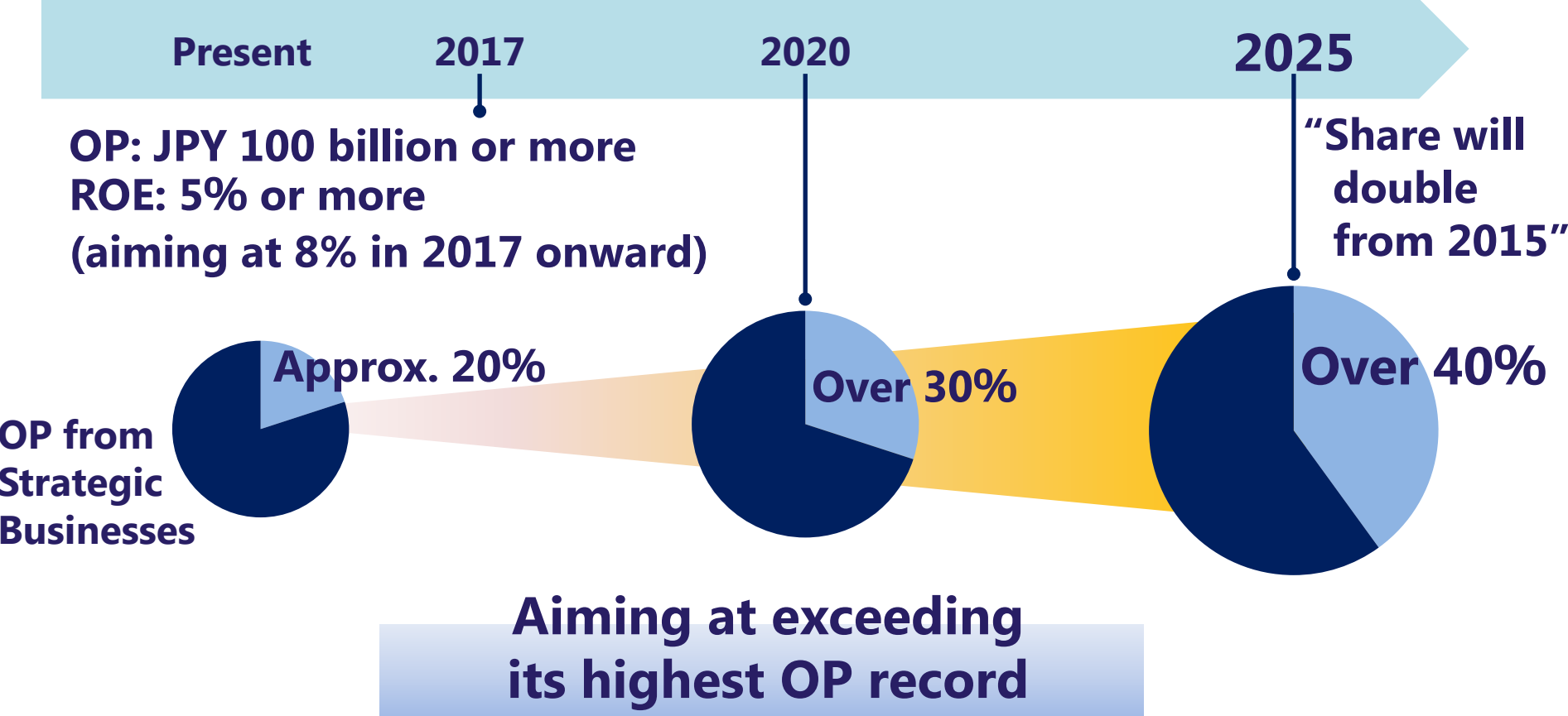
Share buyback

Buyback the share by utilizing retained earnings and proceeds from unwinding of cross shareholdings

= Consolidated Total shareholders return 50% or more

“Vision 2025” envisions the AGC Group in 2025

In 2025, with Core Businesses serving as solid sources of earnings, and Strategic Businesses driving further earnings growth, the AGC Group will continue being a highly profitable, leading global material and solution provider.



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