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**Financial Results for FY2007**  
**and**  
**New Medium-Term Management Plan**  
*“JIKKO-2010”*

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February 5, 2008

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

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# 2007年度本決算

## Financial Results for FY2007



# 1. 決算のポイントと主要項目

## Highlights of FY2007 Financial Results

# 今回の決算のポイント

Highlights of FY2007 Financial Results

**Reached a record-high in both sales and O/P**

<b>Sales</b>	<b>3.7 % up YoY</b>
<b>O/P</b>	<b>44.5 % up YoY</b>

- ◆ Shipments of TFT LCDs glass substrates were firm.
- ◆ Flat glass market in Europe remained favorable.
- ◆ Shipments of flat glass in North America and Japan were affected in housing starts.
- ◆ Extraordinary losses of 857 Oku-yen (net) posted for expenses of restructuring programs and impairment losses on long-lived assets.

# 連結損益計算書

## Consolidated Profit and Loss Statement

億円 (100million yen)

		FY2006	FY2007	増減 Change	% 増減 Change %
売上高	Net sales	16,205	16,812	607	3.7%
営業利益	Operating profit	1,366	1,975	608	44.5%
	営業外損益	-21	-96		
	金融収支	-117	-110		
	持分法損益	33	39		
	その他	62	-24		
経常利益	Ordinary profit	1,345	1,879	534	39.7%
	特別損益	-962	-857		
税引前利益	Profit before tax	383	1,022	639	167.0%
	法人税等	61	301		
	少数株主損益	-128	25		
当期純利益	Net profit	450	696	246	54.8%
売上高営業利益率	O/P Margin	8.4%	11.7%		

# 特別損益の内容

## Breakdown of FY2007 Extraordinary Gains (Losses)

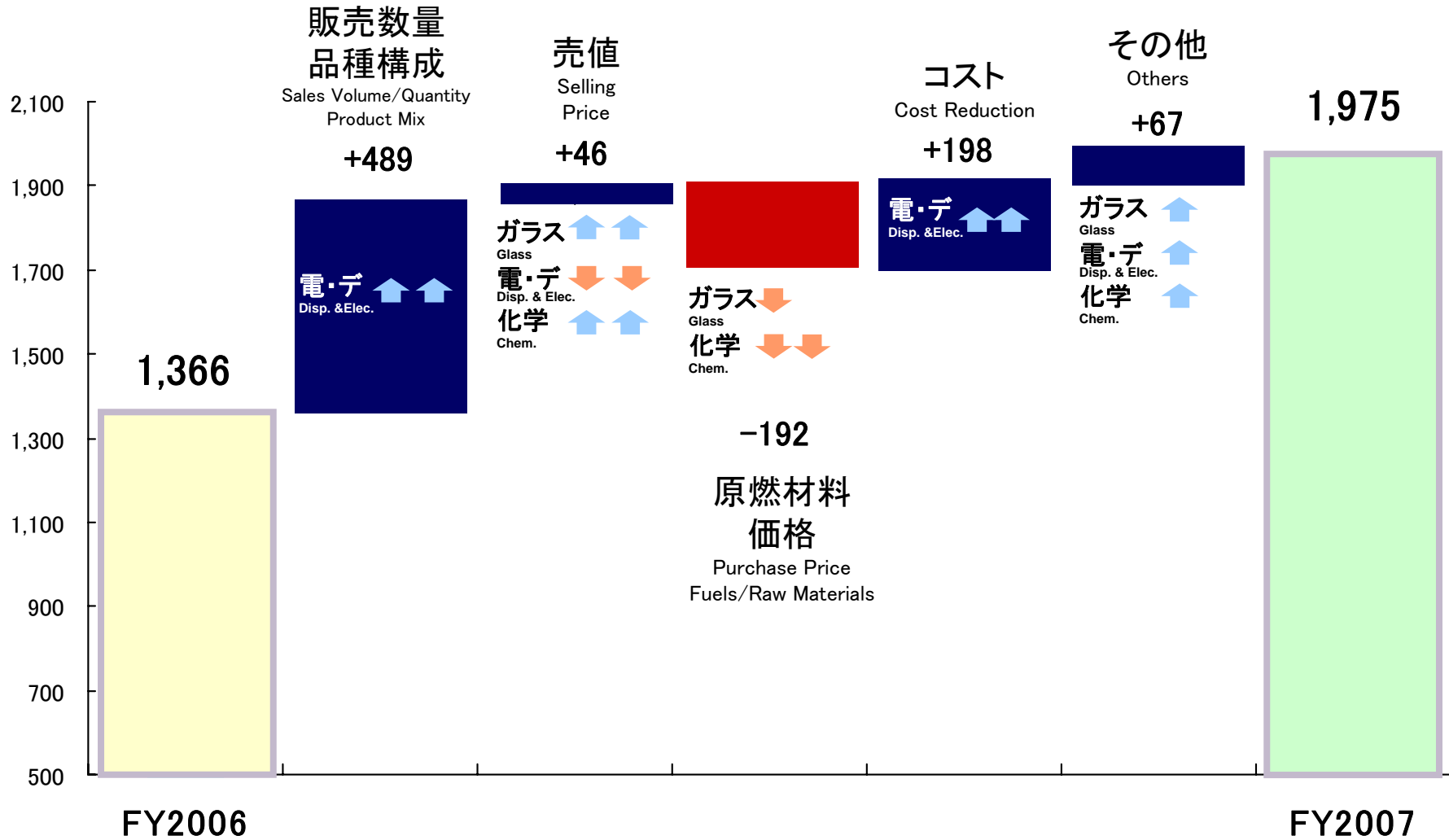
億円 (100million yen)

		FY2007	
構造改善費用		Expenses of restructuring programs	-441
	CRT	Restructuring program of CRT	-98
	欧州自動車ガラス	Restructuring program of Automotive Glass in Europe	-72
	AGCテクノグラス	Restructuring program of AGC Technoglass	-154
	オプトレックス	Restructuring program of Optrex	-91
固定資産減損		Impairment losses on long-lived assets	-191
	欧州自動車ガラス	Automotive Glass in Europe	-165
固定資産除却損		Loss on disposal of properties	-88
EU独禁法関連引当金		Provision for EU fine	-324
資産売却益		Gain on sales of properties	237
その他		Others	-49
特別損益 計		Extraordinary gains (losses)	-857

# 営業利益増減要因分析

## Variance Analysis on Operating Profit

億円 (100 million yen)



# 設備投資・減価償却費等

CAPEX, Depreciation & Others

億円(100million yen)

		FY2006	FY2007
<b>設備投資額</b>		<b>2,527</b>	<b>2,311</b>
	CAPEX		
	ガラス	796	983
	電子・ディスプレイ	1,460	1,057
	化学	259	260
	その他	12	12
<b>減価償却費</b>		<b>1,259</b>	<b>1,347</b>
	Depreciation		
	ガラス	564	605
	電子・ディスプレイ	477	532
	化学	208	199
	その他	12	13
<b>研究開発費</b>		<b>308</b>	<b>339</b>
	R&D		
<b>有利子負債残高</b>		<b>5,749</b>	<b>5,312</b>
	Interest-bearing debts		
<b>D/E比率</b>		<b>0.58</b>	<b>0.52</b>
	D/E ratio		

# 連結貸借対照表

## Consolidated Balance Sheets

億円(100million yen)

		06/12	07/12	増減
		Dec. 31 2006	Dec. 31 2007	Change
<b>資産の部</b>	<b>Assets</b>	<b>21,495</b>	<b>21,081</b>	<b>-415</b>
<b>流動資産</b>	<b>Current assets</b>	<b>7,228</b>	<b>6,771</b>	<b>-457</b>
現金及び預金	Cash on hand & in banks	806	824	18
受取手形及び 売掛金	Trade notes & accounts receivable	2,951	2,865	-86
棚卸資産	Inventories	2,482	2,377	-105
その他	Other current assets	989	706	-283
<b>固定資産</b>	<b>Fixed assets</b>	<b>14,265</b>	<b>14,308</b>	<b>43</b>
有形・無形 固定資産	Tangible-Intangible fixed assets	10,657	10,984	327
投資有価証券	Investments in securities	3,118	2,873	-245
その他	Other fixed assets	490	450	-39
<b>繰延資産</b>	<b>Deferred assets</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>資産合計</b>	<b>Total Assets</b>	<b>21,495</b>	<b>21,081</b>	<b>-415</b>

		06/12	07/12	増減
		Dec. 31 2006	Dec. 31 2007	Change
<b>負債の部</b>	<b>Liabilities</b>	<b>11,578</b>	<b>10,807</b>	<b>-770</b>
仕入債務	Payables	2,655	2,416	-240
借入金 (含むCP、社債)	Loans (include CP & Bonds)	5,749	5,312	-436
その他	Other liabilities	3,174	3,080	-94
<b>純資産の部※</b>	<b>Net Assets※</b>	<b>9,918</b>	<b>10,273</b>	<b>356</b>
<b>株主資本</b>	<b>Shareholders' equity</b>	<b>7,564</b>	<b>8,072</b>	<b>508</b>
資本金	Common stock	905	909	4
資本剰余金	Additional paid-in capital	966	969	4
利益剰余金	Retained earnings	5,832	6,334	502
自己株式	Treasury stock	-138	-140	-2
<b>評価・換算差額</b>	<b>Valuation &amp; translation adjustments</b>	<b>1,541</b>	<b>1,472</b>	<b>-68</b>
<b>新株予約権</b>	<b>Share subscription rights</b>	<b>0</b>	<b>4</b>	<b>4</b>
<b>少数株主持分</b>	<b>Minority Interests in Consolidated Subsidiaries</b>	<b>813</b>	<b>725</b>	<b>-88</b>
<b>負債・純資産合計</b>	<b>Total Liabilities &amp; Net Assets</b>	<b>21,495</b>	<b>21,081</b>	<b>-415</b>

※新たな会計基準の導入により、従来の「資本の部」の記載が「純資産の部」に変更されています。なお、前期末「純資産の部」の数値については、同「資本の部」の数値を組み替えて表示しております。

\*Presentation of "Net Assets" in the B/S is newly introduced in conformity to the Japanese accounting standard. Conventional "Total Shareholders' Equity" is reclassified into "Net Asset" in the B/S as of September 30, 2006 as well as December 31, 2005.

# 連結キャッシュフロー

## Consolidated Statements of Cash Flows

億円(100million yen)

		FY2006	FY2007
<b>営業活動によるキャッシュ・フロー (a)</b>		<b>1,740</b>	<b>2,457</b>
税金等調整前純利益	Profit before income taxes & minority interest	383	1,022
減価償却費・固定資産減損・連調償却	Depreciation/Amortization/Impairment	1,794	1,561
運転資金増減	Increase (decrease) in working capital	10	-60
その他	Others	-447	-66
<b>投資活動によるキャッシュ・フロー (b)</b>		<b>-2,125</b>	<b>-2,098</b>
固定資産取得	Purchase of property, plant & equipment	-2,421	-2,452
その他	Others	296	354
<b>フリー・キャッシュ・フロー (a)+(b)</b>		<b>-385</b>	<b>359</b>
<b>財務活動によるキャッシュ・フロー</b>		<b>359</b>	<b>-361</b>
借入金増減	Increase (decrease) in bank loans, bonds & CP	560	-128
支払配当	Dividends paid	-200	-234
その他	Others	-2	1
<b>現金等に係る換算差額</b>		<b>16</b>	<b>3</b>
<b>現金等の増加額</b>		<b>-10</b>	<b>1</b>

# 連結株主資本等変動計算書

## Consolidated Statements of Changes in Net Assets

億円(100million yen)

		株主資本 Shareholders' Equity					評価・ 換算 差額等	新株 予約権	少数 株主 持分	純資産 合計
		資本金	資本 剰余金	利益 剰余金	自己 株式	株主資本 合計				
		Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Shareholders' Equity Total	Revaluation & Unrealized Gains	Share subscription rights	Minority Interests in Consolidated Subsidiaries	Net Assets Total
2006年12月31日残高	Balance at Dec. 31 2006	905	966	5,832	-138	7,564	1,541	0	813	9,918
当連結会計年度中の変動額		Changes during the current period								
	剰余金の配当	Dividends Declared	-	-	-211	-	-211	-	-	-211
	当期純利益	Net Income	-	-	696	-	696	-	-	696
	自己株式	Treasury Stock	-	-	0	-2	-2	-	-	-2
	その他	Others	4	4	17	-	25	-68	4	-127
合 計	Total	4	4	502	-2	508	-68	4	-88	356
2007年12月31日残高	Balance at Dec. 31 2007	909	969	6,334	-140	8,072	1,472	4	725	10,273



## **2. セグメント別・地域別の状況**

### **Information by Business & Geographic Segment**

# セグメント別業績

## Performance by Business Segment

億円(100million yen)

売上高	Sales	FY2006	FY2007	増減 Change	% 増減 Change %
ガラス	Glass	8,153	8,660	507	6.2%
電子・ディスプレイ	Electronics & Display	4,766	4,652	-115	-2.4%
化学	Chemicals	3,076	3,194	118	3.8%
その他	Other	841	876	35	4.2%
消去	Elimination	-631	-569	62	-
全社計	Consolidated Total	16,205	16,812	607	3.7%

営業利益	Operating Profit	FY2006	FY2007	増減 Change	% 増減 Change %	% 利益率 OP Margin
ガラス	Glass	465	637	172	37.0%	7.4%
電子・ディスプレイ	Electronics & Display	792	1,182	390	49.2%	25.4%
化学	Chemicals	78	124	46	58.7%	3.9%
その他	Other	33	32	-1	-3.5%	3.6%
消去	Elimination	-2	0	2	-	-
全社計	Consolidated Total	1,366	1,975	608	44.5%	11.7%

# ガラス セグメント

## Glass Segment

億円 (100million yen)

事業 Operations	売上高 Sales		営業利益 Operating Profit		コメント Comment
	FY2006	FY2007	FY2006	FY2007	
板ガラス Flat Glass	5,150	5,630	465	637	<ul style="list-style-type: none"> <li>Shipments rose in fast-growing markets such as Russia</li> <li>Demand remained high in Western Europe</li> <li>Housing starts in Japan and North America declined</li> </ul>
自動車ガラス Automotive Glass	3,009	3,194			
その他ガラス Other Glass	526	417			
消去 Elimination	-532	-581			<ul style="list-style-type: none"> <li>Steady growth in worldwide automotive production</li> <li>The business in Europe except Russia was slow.</li> </ul>
合計 Total	8,153	8,660	465	637	<ul style="list-style-type: none"> <li>Withdrew from the fiber glass business at the end of October 2007</li> </ul>
為替換算の影響(前期比) Impact of FOREX vs. same period of previous year	388	491	25	61	
連結範囲変更の影響(前期比) Impact of Consolidation Scope Change vs. same period of previous year	0	6	0	0	

# 電子・ディスプレイ セグメント

## Electronics & Display Segment

億円 (100million yen)

事業 Operations	売上高 Sales		営業利益 Operating Profit		コメント Comment
	FY2006	FY2007	FY2006	FY2007	
ディスプレイ Display	3,179	3,153			<p><b>【TFT】</b> Shipment of TFT LCDs glass substrates remained steady by higher demand for panels for thin-screen TVs, trend toward larger panels and firm demand for panels for PC displays.  <b>【PDP】</b> Shipments of glass substrates for PDPs increased in and after July, after leveling off in the 1H under review.  <b>【CRT】</b> Sales decreased from a year earlier, reflecting the accelerated shift of demand to FPDs and reduction in production capacity.</p>
電子部材 Electronics Materials	1,615	1,549	792	1,182	
消去 Elimination	-28	-50			<p><b>【E&amp;E】</b>                      ・Shipments of some display materials slowed.                      ・Semiconductor-related products continued to be robust.  <b>【Small-medium-sized displays】</b>                      ・Automotive use remained steady, but mobile devices and civilian-use products except some products were reduced operations. Industrial-use products declined.                      ・Decided to withdraw from the small-medium-sized displays business in February 2008.</p>
合計 Total	4,766	4,652	792	1,182	
為替換算の影響(前期比) Impact of FOREX vs. same period of previous year	164	46	-14	-3	
連結範囲変更の影響(前期比) Impact of Consolidation Scope Change vs. same period of previous year	26	-195	-3	55	

# 化学 セグメント

## Chemicals Segment

億円(100million yen)

事業 Operations	売上高 Sales		営業利益 Operating Profit		コメント Comment
	FY2006	FY2007	FY2006	FY2007	
クロールアルカリ・ウレタン Chlor-alkali & urethan	1,950	2,038			<ul style="list-style-type: none"> <li>• There was a recovery in the business, particularly the market for vinyl chloride-related products, and higher costs of raw materials and fuels were offset by an increase in prices.</li> </ul>
フッ素化学・スペシヤリテイ Fluorochemicals	1,054	1,187	78	124	
その他化学 Other Chemicals	209	63			<ul style="list-style-type: none"> <li>• Shipments of fluorinated resins and fluorinated resins for coating continued to be firm.</li> <li>• Bayonne Plant, a U.S. production base of fluorinated resin PTFE and other products, was closed at the end of December.</li> </ul>
消去 Elimination	-137	-94			
合計 Total	3,076	3,194	78	124	
為替換算の影響(前期比) Impact of FOREX vs. same period of previous year	65	59	1	2	
連結範囲変更の影響(前期比) Impact of Consolidation Scope Change vs. same period of previous year	0	-117	0	-1	

# 地域別業績

## Performance by Geographic Segment

億円(100million yen)

売上高	Sales	FY2006	FY2007	増減 Change	% 増減 Change %
日本	Japan	9,132	9,010	-123	-1.3%
アジア	Asia	4,363	4,692	328	7.5%
アメリカ	Americas	2,054	1,919	-135	-6.6%
ヨーロッパ	Europe	3,659	4,303	644	17.6%
消去	Elimination	-3,003	-3,111	-107	-
全社計	Consolidated Total	16,205	16,812	607	3.7%

営業利益	Operating Profit	FY2006	FY2007	増減 Change	% 増減 Change %
日本	Japan	897	957	60	6.7%
アジア	Asia	246	595	349	141.6%
アメリカ	Americas	-62	-79	-17	-
ヨーロッパ	Europe	354	586	232	65.7%
消去	Elimination	-69	-85	-16	-
全社計	Consolidated Total	1,366	1,975	608	44.5%

# 地域・事業マトリックス(FY2007)

Sales/Operating Profit by Business & Geographic Segment (FY2007)

億円(100million yen)

FY2007 区分 Business	日本 Japan		アジア Asia		アメリカ Americas		ヨーロッパ Europe		消去 Elimination		合計 Total	
	売上高	営業利益	売上高	営業利益	売上高	営業利益	売上高	営業利益	売上高	営業利益	売上高	営業利益
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
ガラス Glass	2,792	68	949	63	1,475	-77	3,966	588	-521	-8	8,660	637
電子・ ディスプレイ Electronics & Display	3,666	770	2,805	483	277	5	206	2	-2,303	-78	4,652	1,182
化学 Chemicals	2,189	80	877	48	166	-1	132	-5	-170	2	3,194	124
その他 Others	835	36	60	3	4	-6	5	0	-28	-2	876	32
消去 Elimination	-473	4	2	-1	-3	0	-6	1	-90	2	-569	0
合計 Total	9,010	957	4,692	595	1,919	-79	4,303	586	-3,111	-85	16,812	1,975



# 中期経営計画“*JIKKO-2007*”の総括

## Review of the Medium-Term Management Plan “*JIKKO-2007*”

# “JIKKO-2007” の総括(1)

Review of “JIKKO-2007” (1)

In order to continuously enhance shareholder value, the AGC Group will strive to achieve an operating profit margin of 10% or more at an early date and maintain that level, while increasing the efficiency of assets.

## Achieved Group's financial target

	FY2004	FY2007 outlook image	FY2007 actual
Sales	14,757 oku-yen	17,500 oku-yen	16,812 oku-yen
Operating Profit	1,394 oku-yen	1,800 oku-yen	1,975 oku-yen
O/P Margin	9.4%	10% or more	11.7%
D/E Ratio	0.64	0.4~0.5	0.52

# “JIKKO-2007” の総括(2)

## Review of “JIKKO-2007” (2)

Plans	Results
To invest 1,000 oku-yen or more in the TFT glass business	Invested appr. 2,500 oku-yen
To improve earnings in the CRT business	Restructuring completed except Hankuk Electric Glass
To start operations of three new float furnaces in fast growing markets	Russia, China, Czech(2008)
To build foundation of E&E business	Steady grow
To improve the business earnings in North America	Carry over to next mid-term plan

# “JIKKO-2007” の総括(3)

Review of “JIKKO-2007” (3)

## Review of “JIKKO-2007”

### Achieved of target of OP margin 10% or more

- ◆ Earnings were affected by the price hikes of raw materials and fuel throughout the period.
- ◆ However, in 2007 profits increased 580 oku-yen from 2004(+41.6%). The Group achieved the target o/p margin 11.7%, thanks to growth in FPDs, expansion of the Flat Glass business in Europe, and improvement in profitability of the Chemicals operations

### Responded to the drastic change in display market

- ◆ Corresponding to the rapid shift in the display market, the Group sharply turned to FPD business. As a result, FPDs has become a main earner.
- ◆ The E&E business is steadily growing and developing as the Group’s third pillar

# “JIKKO-2007” の総括(4)

Review of “JIKKO-2007” (4)

## Challenges to be taken to “JIKKO-2010”

### Need to shorten the pay back period for investment

- ◆ Delayed in return on investment than initially planned due to faster the expansion of facilities
- ◆ Smooth start-up of the facilities and prompt stabilization of operation will be needed.

### Need to boost the profitability of operations other than FPD

- ◆ The FPD business has grown into a major mainstay as a result of intensive allocation of management resources
- ◆ On the other hand, earnings of the Glass operations in Japan-Asia and North America and Chemicals operations were below earnings than planned



**新中期経営計画 “JIKKO-2010”**  
**New Medium-Term Management Plan “JIKKO-2010”**

# グループビジョン "Look Beyond"

Group Vision "Look Beyond"

## 私たちの使命 Our Mission

私たちAGCグループは、先を見据え、よりブライトな世界を創ります  
We, the AGC Group, "Look Beyond" to make the world a brighter place

## 私たちの価値観 Our Shared Values

### AGCグループの競争優位の源泉

Source of the Competitive Advantage

Innovation & Operational Excellence  
【革新と卓越】

Diversity  
【多様性】

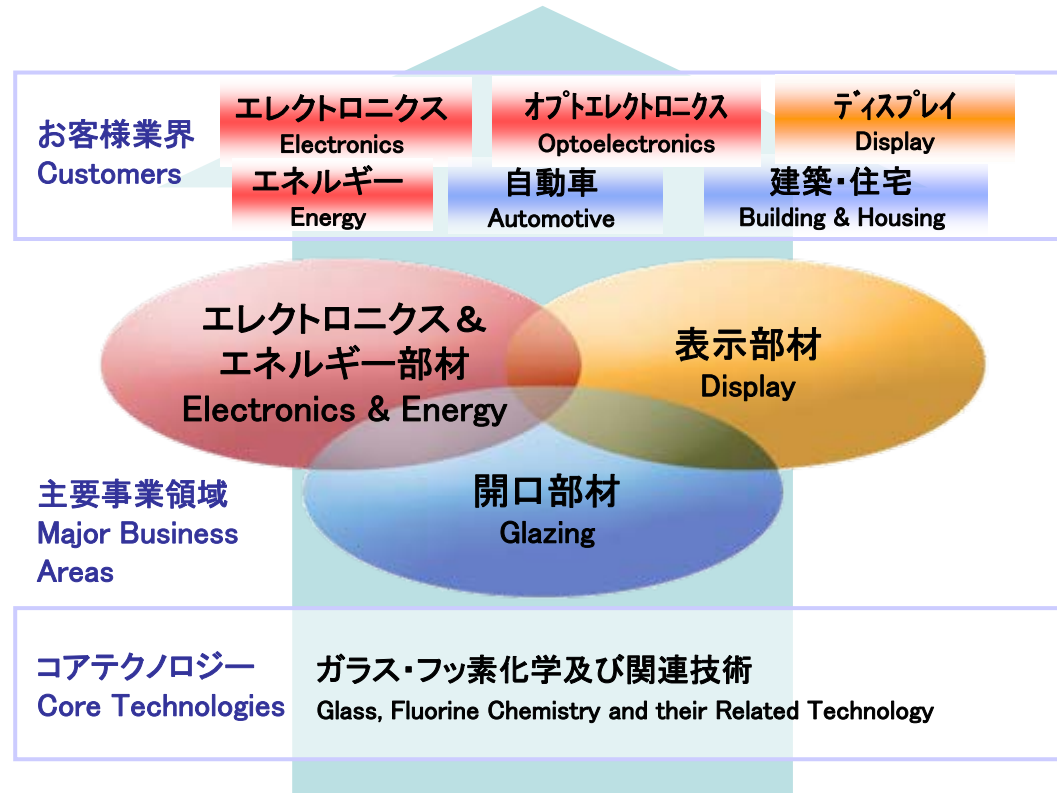
Environment  
【環境】

Integrity  
【誠実】

### グローバル企業AGCグループを支える柱

Pillars that Support the Group as a Global Enterprise

## AGCグループが目指す3つの主要事業領域 The Three Major Business Areas Envisioned for the Future



# “JIKKO-2010” の位置づけ

Position of “JIKKO-2010”

## Our Objectives

Challenges for a true global excellent company, with high growth and high margin, to receive trust from society

### “JIKKO”—Execution for Excellence

Aiming to realize “Look Beyond”, growth Strategies will be executed.

“Shrink to Grow”

Establish the groundwork for future growth

Electronics & Energy

Display

“Look Beyond”

Glazing

“JIKKO-2010”  
Pursuit of quality

“JIKKO-2007”

# 財務ターゲット

## Financial Targets

### ROE

**Targeting 15% or more, as a global excellent company  
(Target by 2010 will be 12% or more)**

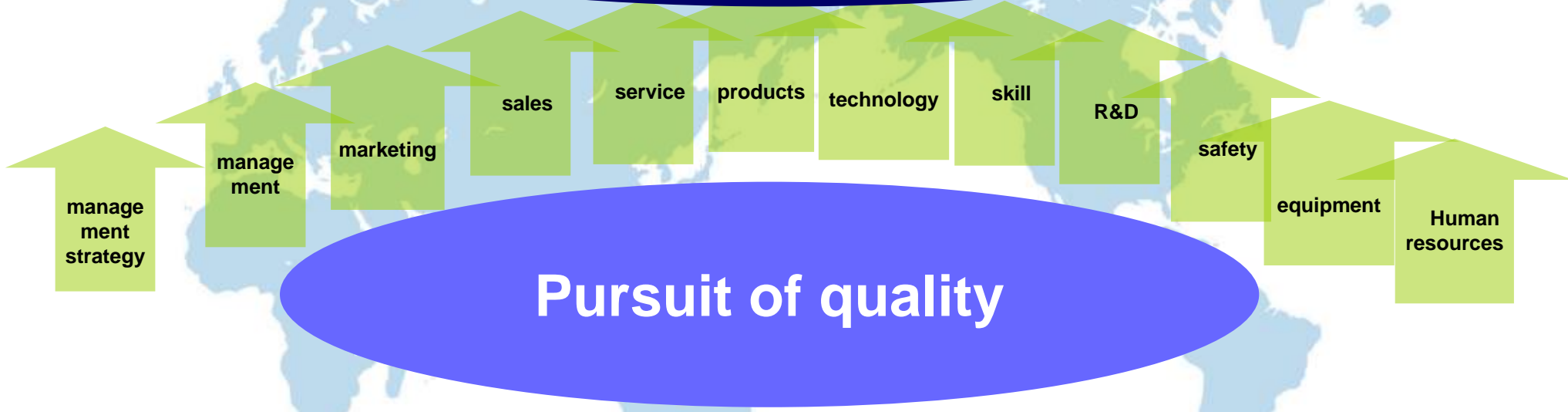
### O/P Margin

**Maintain higher levels than those in 2007 for “*JIKKO-2010*”**

# 将来に亘る発展に向けて～ “JIKKO-2010” の課題

To continue developing in the future – Challenges for “JIKKO-2010”

**“JIKKO”**  
**“Execute growth strategies”**



- ◆ Continue to execute growth strategy in “JIKKO-2010”
- ◆ Strive to work on “pursuit of quality” in every aspect, and carrying out its strategy to boost competitiveness

# 適正な事業構造の構築

Establishment of an Appropriate Business Structure

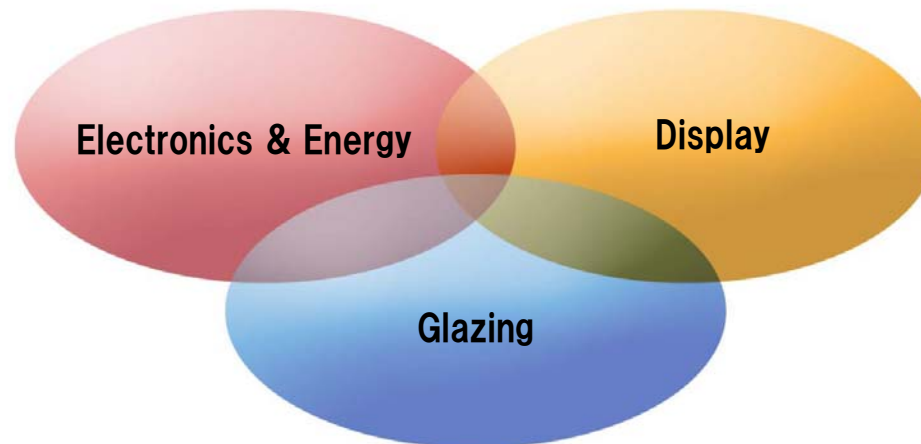
## Sustainable growth under an appropriate business structure

◆ An appropriate business structure will be established in order to continue developing into the future.

As profit driver, the profitability of display business will be maintained and expanded.

The E&E business will be developed and expanded as a growing business in the future.

Glass business and Chemicals business will be maintained and improved the growth & profitability, with seeking opportunities of business expansion.



# 成長戦略の実行

## Execution of Growth Strategies

**CAPEX (CF base) : 6, 800 Oku-yen ※1**

◆ Continuation of CAPEX in TFT glass substrates

◆ Expanding the allocation to glass business (30%→40%)

Equipment expansion in fast growing markets

Equipment expansion to glass for solar cells

Glass	2,600 Oku-yen
Elec.&Disp.	2,900 Oku-yen
Chemicals	800 Oku-yen
Others	500 Oku-yen

※1 excl. sales of securities and land

**R&D : 1, 250 Oku-yen**

◆ Increase of amount for 30% in total to “*JIKKO-2007*”

◆ Prioritized allocation to E&E operations

Cumulative rough estimation in 2008-2010

# “JIKKO-2010”の課題 ～質の追求～ (1)

Challenges for “JIKKO-2010” -pursuit of quality- (1)

## ～Pursuit of quality～ Reinforcing of the corporate structure

### ◆ The management prioritizing capital efficiency

■ Performance of each In-House Company is to be measured with a focus on asset efficiency management, based on ROCE ※2 ※2  $ROCE = OP / \text{Operating Assets}$

Improvement in productivity and efficiency of existing equipments, stable operations and improvement of yield

Improvement of decision making process for capital investment at each stage

### ◆ “Pursue of quality” in every aspect, such as management, human resources, and product quality

■ Deepen activities on Major Initiatives

“CS”, “quality management”, “ES”, “Human resource development”

“Enhancement of ‘Monozukuri’(quality manufacturing)”

“Permeation of the Group Vision”

### ◆ Technology strategy planning, and R&D implementation on a global basis

# “JIKKO-2010”の課題 ～質の追求～ (2)

Challenges for “JIKKO-2010” –pursuit of quality– (2)

## ～Pursuit of quality～ Enhancement of return profit policy to shareholders

- ◆ Approximately 30% of dividend payout ratio
- ◆ To maintain stable dividends
- ◆ To return profits proactively to shareholders in consideration of consolidated performance and future capital investment plans



# 1. “*JIKKO-2010*” 各事業の主要施策

## Major Measures by Business Segment of “*JIKKO-2010*”

# “JIKKO-2010”の主要施策

Progress on the Medium-Term Management Plan “JIKKO-2010”

Display Operations

E&E Operations

Operations of Glass for Solar Cells

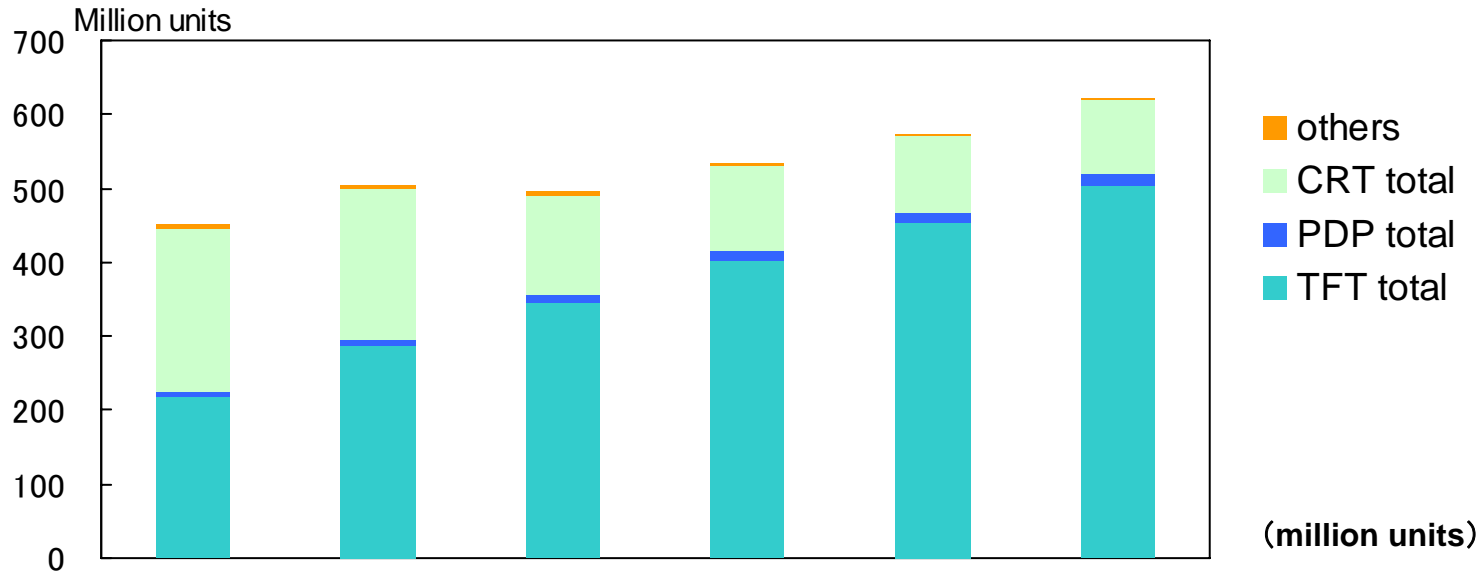
Improvement of Flat Glass Operations  
in North America

# ディスプレイ事業(1)

## Display Operations (1)

### ◆ Continue to grow by double digits for FPD market

#### Overview of large sized display panels



	2005	2006	2007	2008	2009	2010	CAGR *
CRT	221	202	134	115	105	100	-9%
TFT	218	286	346	401	452	504	13%
PDP	7	10	12	14	15	16	10%
others	5	5	3	3	3	3	0%
total	451	503	495	533	575	624	7%

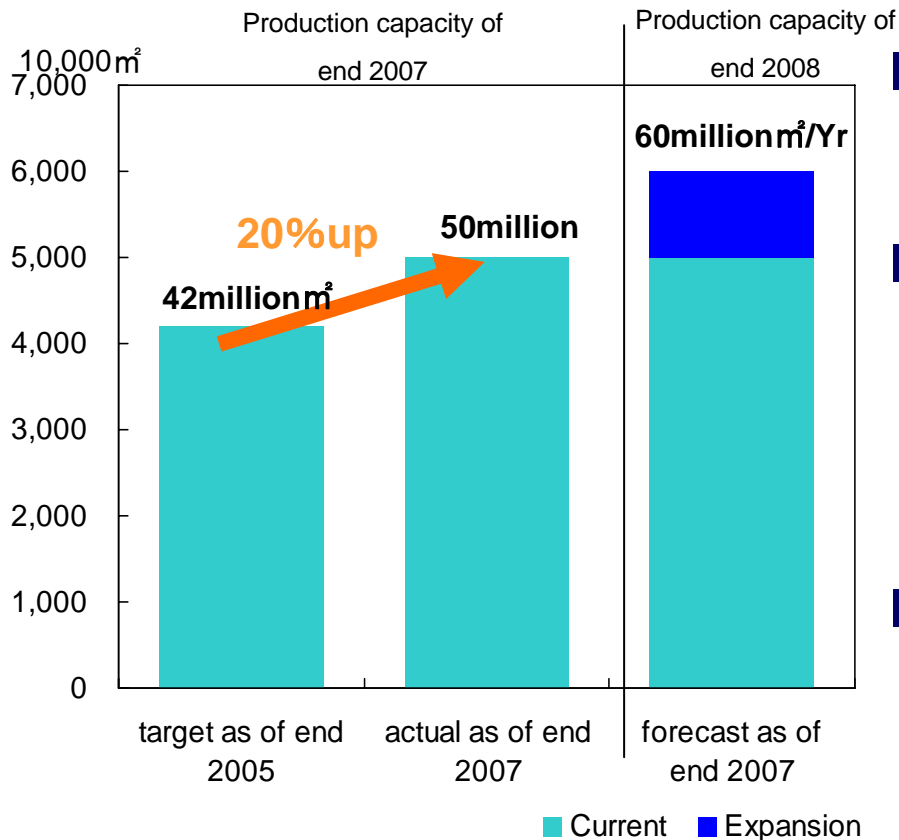
※Average growth ratio of 2007-2010

# ディスプレイ事業(2)

## Display Operations (2)

### TFT glass substrates

#### ◆ Maintain profitability and expand earnings



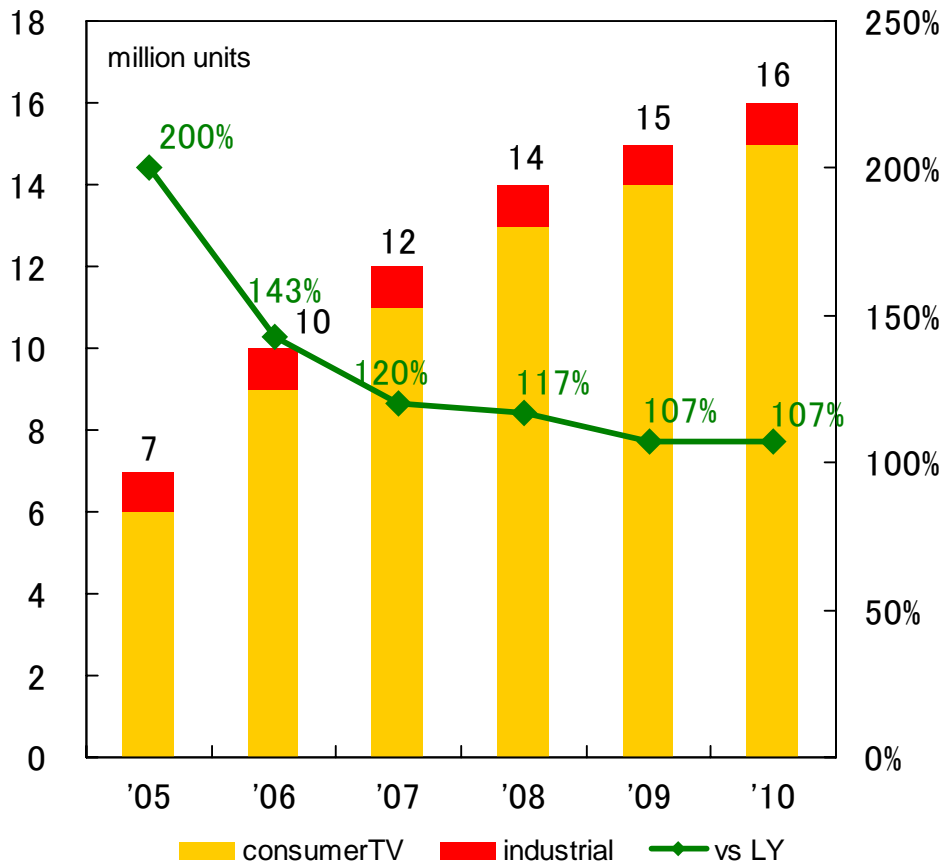
- 10-20% growth in glass substrates market
- Responding to market expansion with improved productivity of existing equipments and fresh investments
- Maintaining No.1 position in for LTPS and OLED, highly appraised from the market

# ディスプレイ事業(3)

## Display Operations (3)

### PDP glass substrates

## ◆ Maintain profits with sales expansion and improvement of productivity



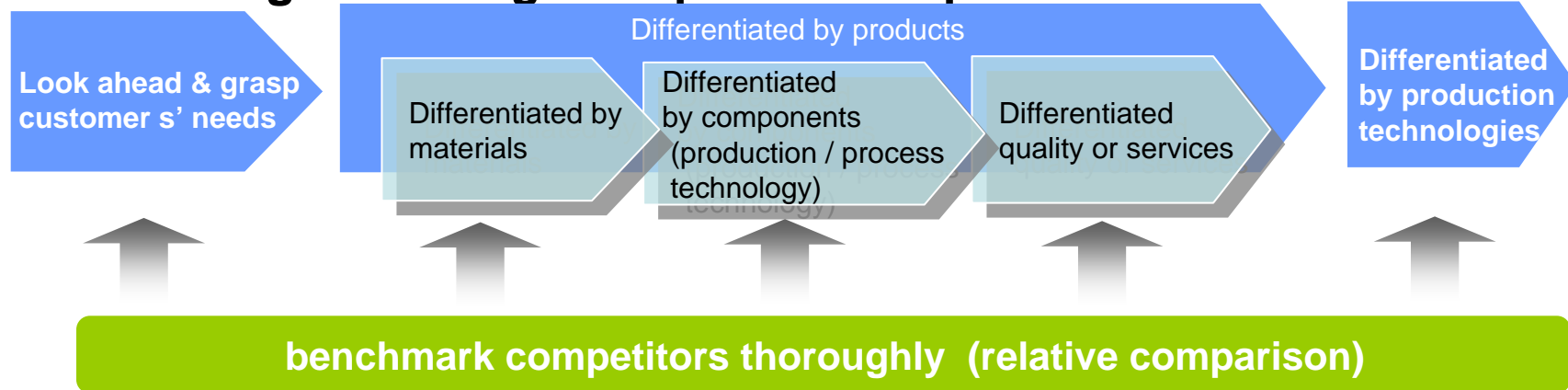
- Market growth expected to slow
- Establishment of flexible production systems responding to the rapid change of the market
- Promotion of sales expansion
- Further improvement of productivity

# E&E事業(1)

## E&E Operations (1)

- ◆ **Concentrate to invest in growth areas, aiming to achieve O/P margin of 15% in 2010**

- **Push forward with the differentiation strategy by taking Group's advantages of integrated production process from raw materials**



- **Due to short lifecycle of products, accelerate until start of mass production, and speed up the operation of business**
- **Select and focus on growing business**

# E&E事業(2)

## E&E Operations (2)

### ◆ Ascertain a business portfolio & investing in growth businesses

#### Fields in which earnings are pursued thoroughly



Lithography processing materials (Synthetic quartz)



Thermal processing materials (SiC)



Backlight tubes for LCDs



Optical pickup devices



Blue filter cover glass for Charge Coupled Devices (CCD)

#### Fields regarded as seeds of future businesses



Coating materials



CMP slurry



Membrane-electrode assembly (MEA) for fuel cells



Glass substrates for HDD



Micro glass (aspherical glass mold lens) products

#### Fields to be needed reviews for next break



Optical filter for PDP



Frit paste for PDP



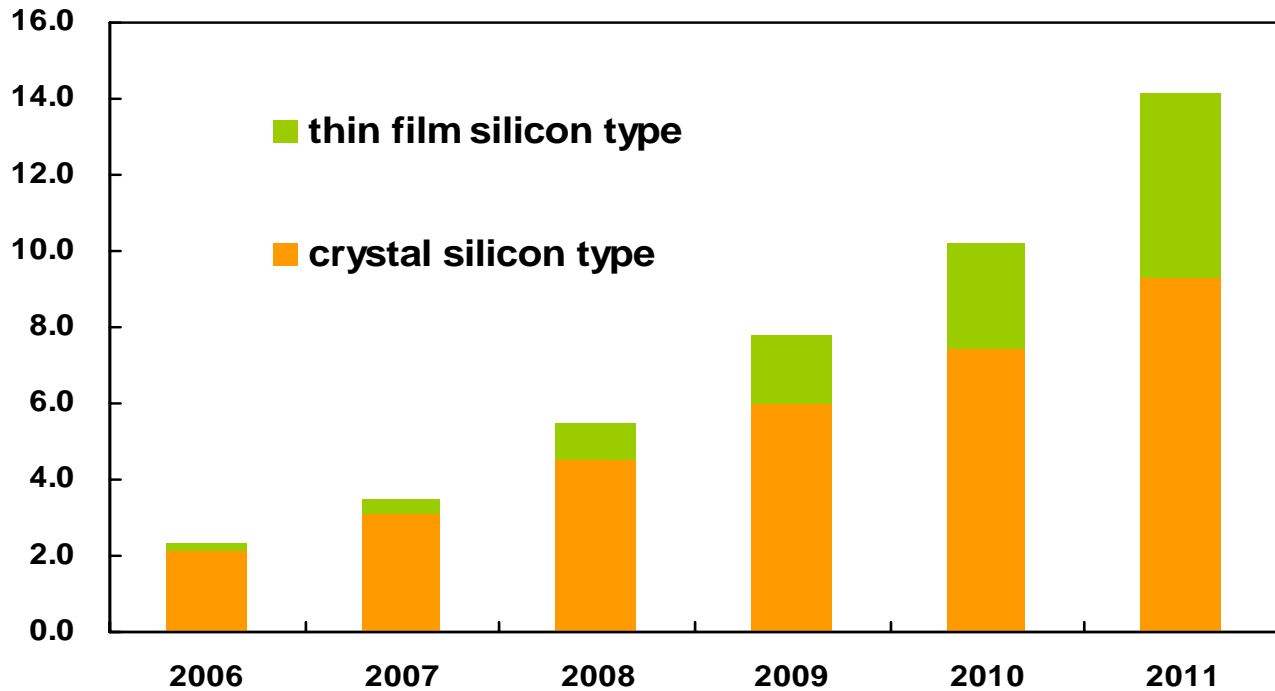
Projector materials

# 太陽電池用ガラス事業(1)

## Operations of glass for solar cells (1)

◆ Expect the market of solar cells to grow sharply at 40% per year

Unit: Gigawatt (GW)



Unit: Gigawatt (GW)

Crystal silicon type	2.1	3.1	4.5	6.0	7.4	9.3
Thin film type	0.2	0.4	1.0	1.8	2.8	4.8

# 太陽電池用ガラス事業(2)

## Solar Glass Operations (2)

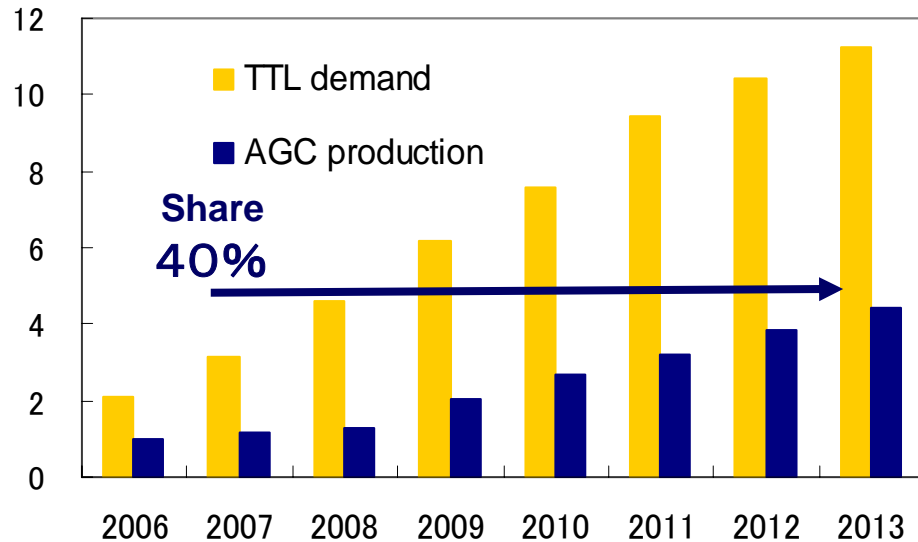
### ◆ Target sales of 600 Oku-yen for 2010

#### Cover glass

#### TCO ※ glass substrates for thin film solar cells

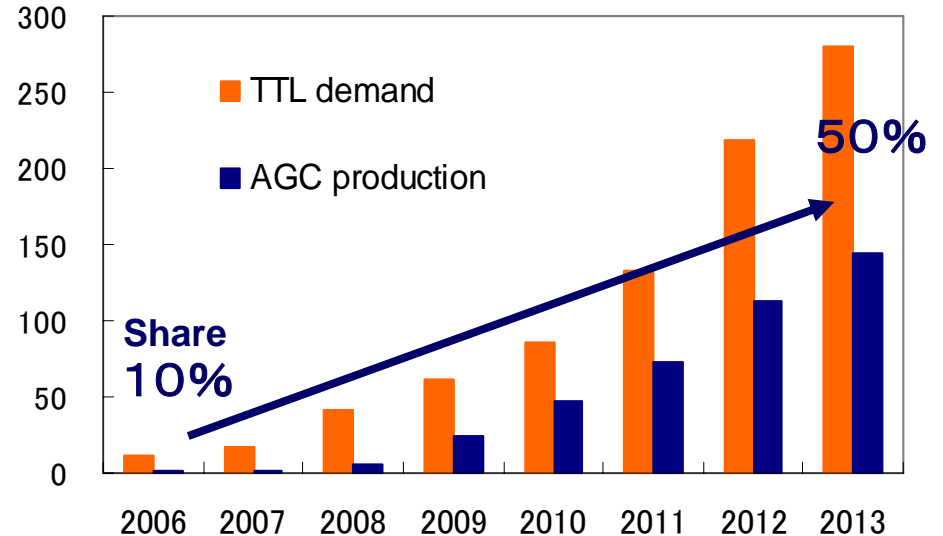
※TCO: Transparent Conductive Oxide

\* Index : AGC production volume in 2006 = 1



- Increase production capacity according to market expansion
- Differentiation with high value-added products (Anti-reflective (AR)glass)

\* Index : AGC production volume in 2006 = 1

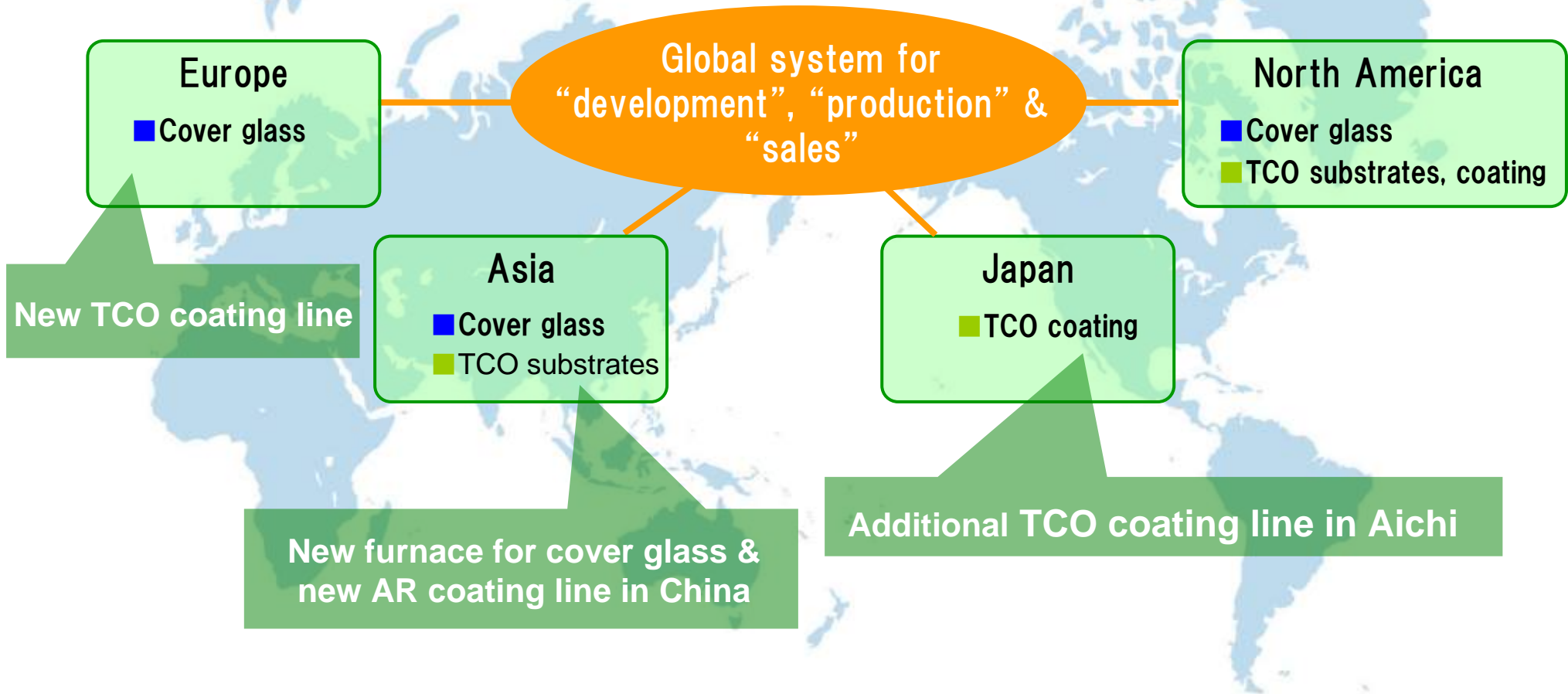


- Substantially increase market shares by investing of coating facilities

# 太陽電池用ガラス事業(3)

## Operations of glass for solar cells (3)

◆ Establish a global integrated system for timely technology development and capacity expansion



# 北米板ガラス事業

## Glass Operations in North America

◆ **Expanding sales of products optimizing high-added function and coating technology**

Ex: Glass for solar cells, automotive raw glass, Low-E glass

◆ **Upgrading overall operations and reducing cost**

Improving the function of logistics and promoting the plant automation program



**If no improvement with above measures,**  
**further aggressive “shrink strategy” will be executed.**

# ガラス事業

## Glass Operations

### Flat glass

- **Expanding in fast growing market**
  - Cz: start of mass-production in the beginning of 2008
  - Russia: start of mass-production in the beginning of 2009
  - Consider expansion & capacity increase to possibly expanding market
- **Optimizing production structure in Japan-Asia**

### Automotive Glass

- **Expand in fast growing market**
  - China 2<sup>nd</sup> Plant (Foshan): start of mass-production in 2008 Q1
- **Improve profitability in Europe by accelerating Build & Scrap**
- **Continue cost down in all regions**

- ◆ Develop high value-added products to reducing the burden on the environment
- ◆ Enhance the marketing capabilities and creating markets

## *“Chemistry for a Blue Planet”*

1

### Reducing the burden on the environment at AGC in-house processes

- Electrolytic process using the ion-exchange membrane method
- Fuel conversion through in-house power generation
- Recycling of raw materials from returned fluorine resin, etc.

2

### Reducing the burden on the environment in processing and in using of AGC products

- Fluorinated water and oil repellant without any of substances that are harmful to the environment
- Fluorinated solvent that has little global warming impact
- Fluorine resin, that is super weatherability fluoropolymer for coatings required less frequent repainting compared with current products etc

3

### Reducing the burden on the environment in society

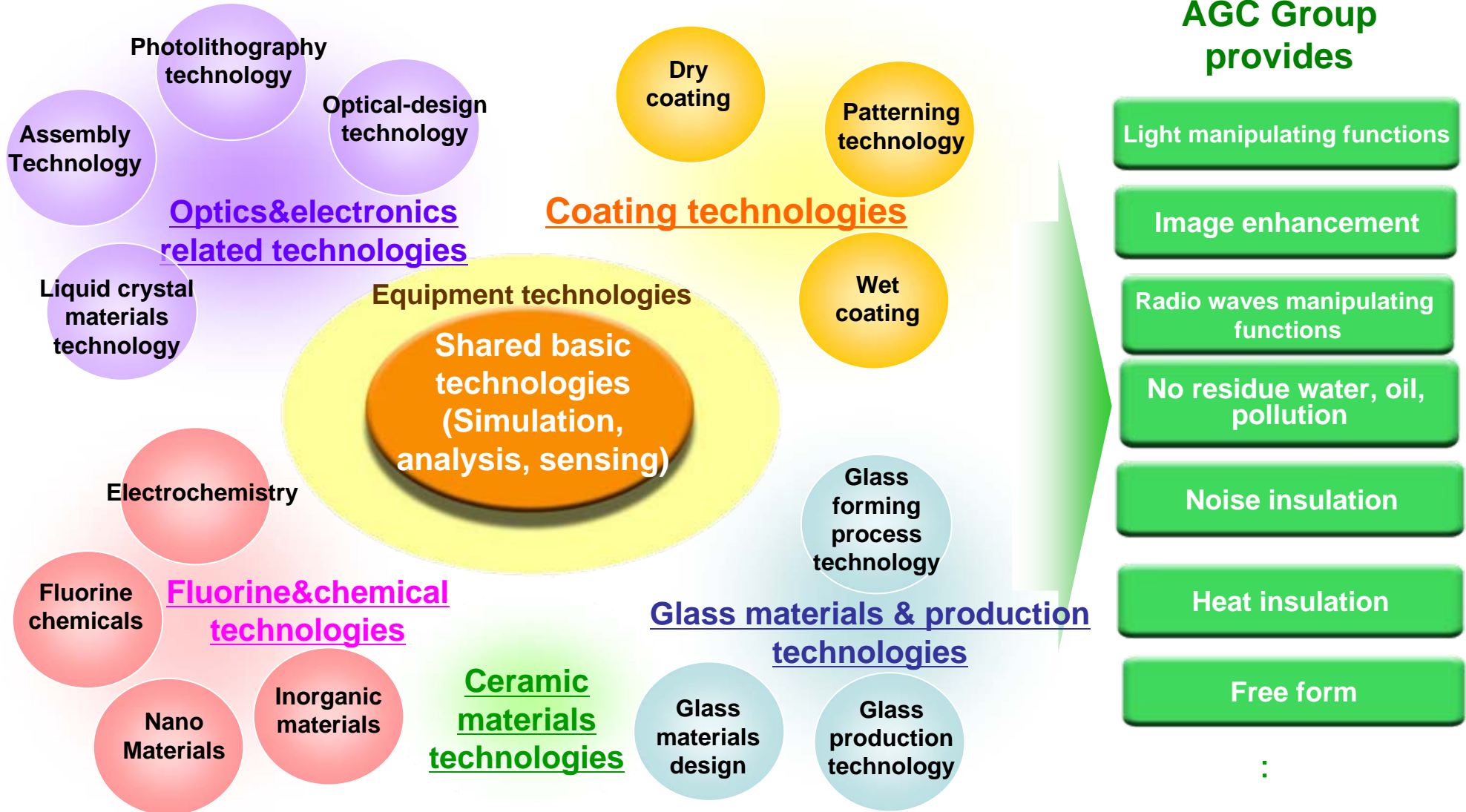
- Surface protective film for solar cells
- MEA for fuel cells
- Fuel hose materials to prevent fuel percolation etc



## 2. “*JIKKO-2010*” の技術戦略 Group's Technology Strategy on “*JIKKO-2010*”

# コアテクノロジーマップ

## Core Technologies



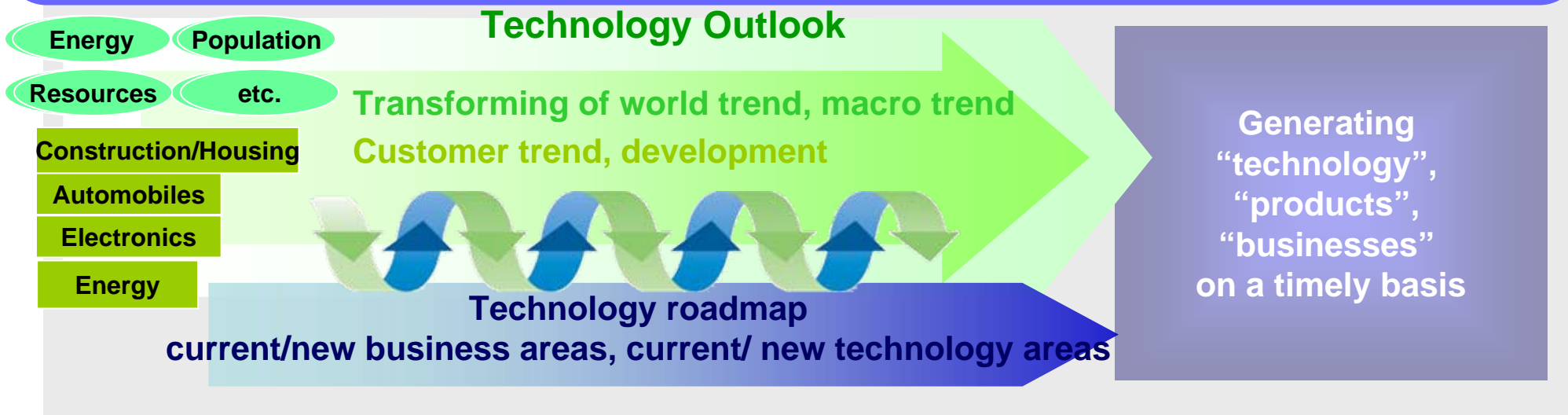
# “JIKKO-2010”における技術戦略

## Technology Strategies in “JIKKO-2010”

### Five Technology strategies

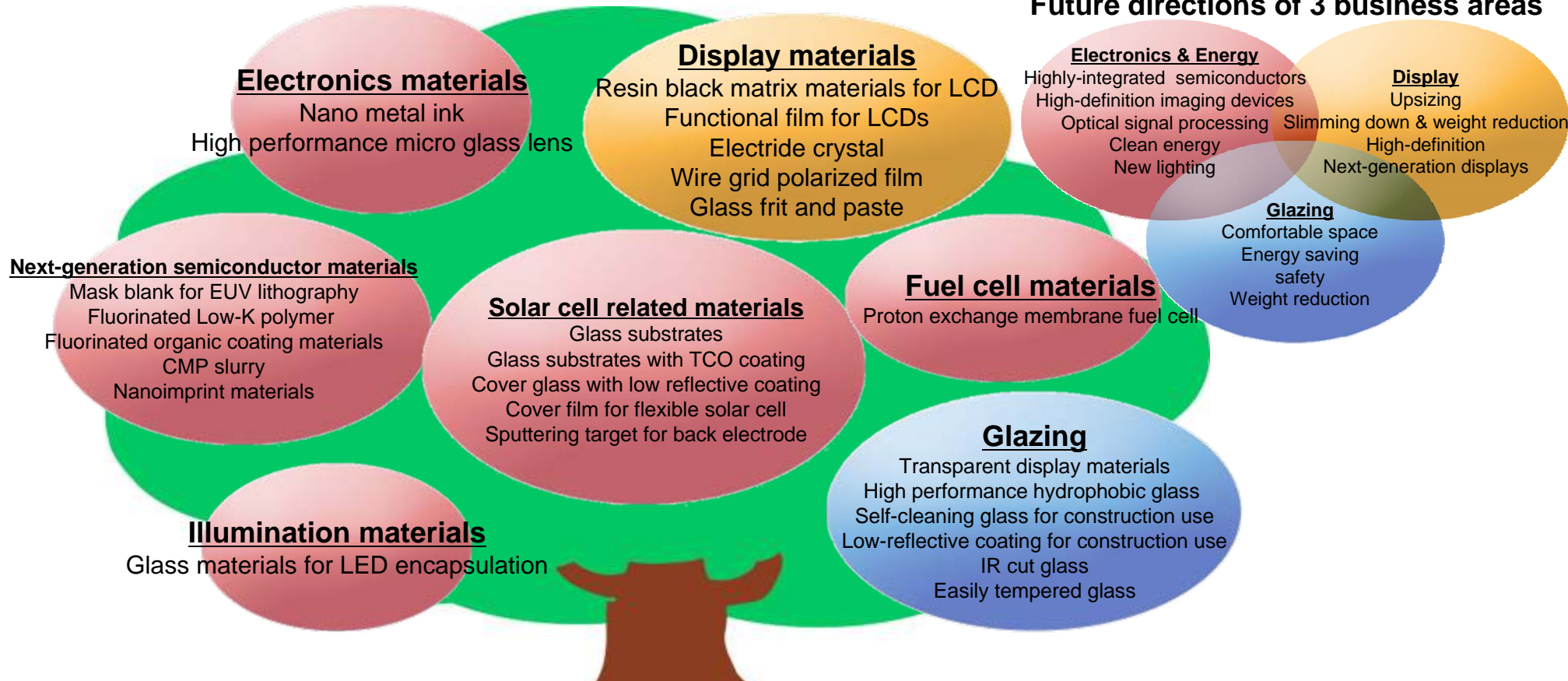
- Pursuing further differentiation based on material technologies
- Improvement of quality & profitability by enhancement on production technologies
- Maintaining competitive advantages of new products in fruiting period , and cultivating new fruits for future growth
- Aggressive environmental activities
- Execution of technology strategies and R&D on a global basis

### Technology outlook and technology roadmap which define the direction of technology strategies



# 新しい製品群

## New Products



## Future directions of 3 business areas

## 5 technology strategies

Glass materials & production technology

Fluorine & chemical technology

Optics & electronics related technology

Coating technology

Fundamental common technologies( Simulation, Analysis, Sensing), Equipment technology

Core technologies



# 2008年度の業績見通し

## Outlook of FY2008

# 2008年度業績見通しのポイント

Business Overview for FY2008

- ◆ **Concerns about a slowdown in the global economy**
- ◆ **Raw materials & fuel prices continue at high levels**
- ◆ **Remain Firm on the business of glass substrates for TFT**
- ◆ **Positive impact of the selling off of Optrex and restructuring program on CRT business**

# 主要項目見通し

FY2008 Estimates

億円(100million yen)

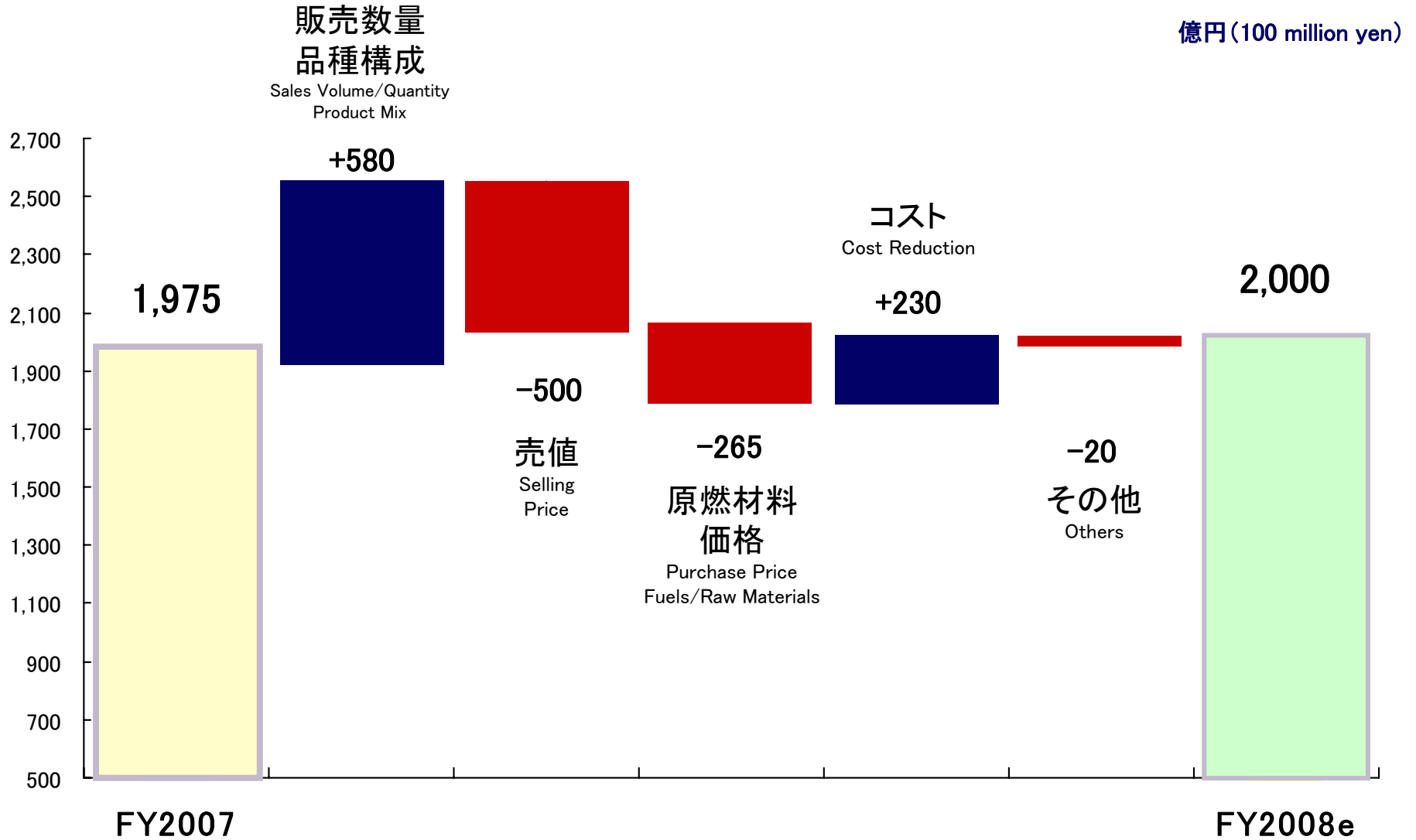
		FY2007 通期 Fiscal Year	FY2008e 中間 First Half	FY2008e 通期 Fiscal Year	増減 Change	% 増減 Change %
売上高	Net sales	16,812	7,800	16,000	-812	-4.8%
営業利益	Operating profit	1,975	960	2,000	25	1.3%
	営業外損益	-96		-100		
	金融収支	-110		-110		
	持分法損益	39		40		
	その他	-24		-30		
経常利益	Ordinary profit	1,879	910	1,900	21	1.1%
	特別損益	-857		-400		
税引前利益	Profit before tax	1,022	710	1,500	478	46.7%
	法人税等	301		480		
	少数株主損益	25		20		
当期純利益	Net profit	696	470	1,000	304	43.6%
売上高営業利益率	Operating profit margin	11.7%		12.5%		
ROE ※	Return on equity	7.5%		10.5%		

※FY2008eのROEは、FY2007末時点の株主資本等を使用

ROE of FY2008e is calculated by using the Shareholders' equity, etc. as of Dec.31, 2007.

# 営業利益達成計画

## Variance Analysis on Operating Profit



# 事業別業績(1)

Estimates by Business Segment (1)

億円 (100million yen)

売上高	Sales	FY2007	FY2008e	増減 Change	% 増減 Change %
ガラス	Glass	8,660	8,100	-560	-6.5%
電子・ディスプレイ	Electronics & Display	4,652	4,400	-252	-5.4%
化学	Chemicals	3,194	3,300	106	3.3%
その他	Other	876	800	-76	-8.7%
消去	Elimination	-569	-600	-31	-
全社計	Consolidated Total	16,812	16,000	-812	-4.8%

営業利益	Operating Profit	FY2007	FY2008e	増減 Change	% 増減 Change %	% 利益率 OP Margin
ガラス	Glass	637	500	-137	-21.5%	6.2%
電子・ディスプレイ	Electronics & Display	1,182	1,370	188	15.9%	31.1%
化学	Chemicals	124	100	-24	-19.7%	3.0%
その他	Other	32	30	-2	-5.9%	3.8%
消去	Elimination	0	0	0	-	-
全社計	Consolidated Total	1,975	2,000	25	1.3%	12.5%

# 事業別業績(2)

## Estimates by Business Segment (2)

億円(100million yen)

FY2008e		売上高 Sales		営業利益 Operating Profit	
		中間 First Half	通期 Fiscal Year	中間 First Half	通期 Fiscal Year
ガラス	Glass	4,000	8,100	240	500
電子・ディスプレイ	Electronics & Display	2,150	4,400	670	1,370
化学	Chemicals	1,600	3,300	40	100
その他	Other	350	800	10	30
消去	Elimination	-300	-600	0	0
全社計	Consolidated Total	7,800	16,000	960	2,000

# 地域別業績

Estimates by Geographic Segment

億円 (100million yen)

売上高	Sales	FY2007	FY2008e	増減 Change	% 増減 Change %
日本	Japan	9,010	8,200	-810	-9.0%
アジア	Asia	4,692	4,700	8	-0.2%
アメリカ	Americas	1,919	1,400	-519	-27.0%
ヨーロッパ	Europe	4,303	4,000	-303	-7.1%
消去	Elimination	-3,111	-2,300	811	-
全社計	Consolidated Total	16,812	16,000	-812	-4.8%

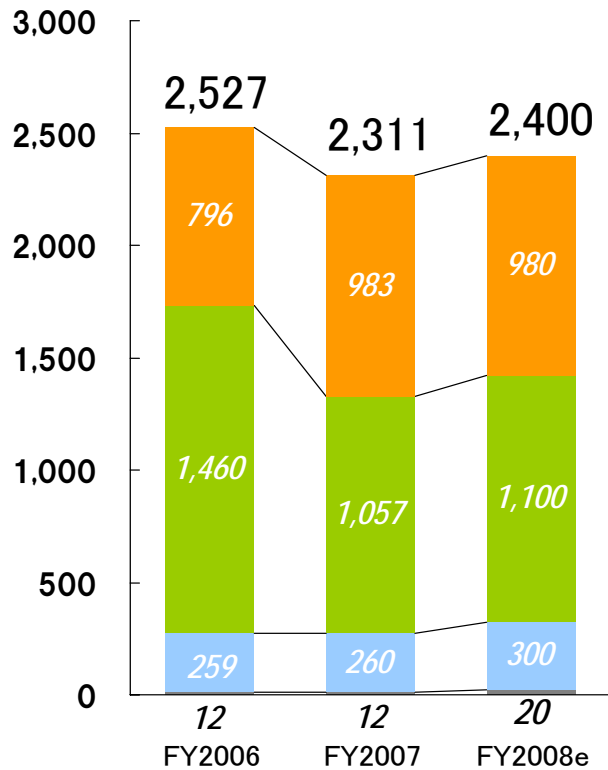
営業利益	Operating Profit	FY2007	FY2008e	増減 Change	% 増減 Change %
日本	Japan	957	870	-87	-9.1%
アジア	Asia	595	790	195	32.8%
アメリカ	Americas	-79	-40	39	-
ヨーロッパ	Europe	586	440	-146	-24.9%
消去	Elimination	-85	-60	25	-
全社計	Consolidated Total	1,975	2,000	25	1.3%

# 設備投資・減価償却費・研究開発費

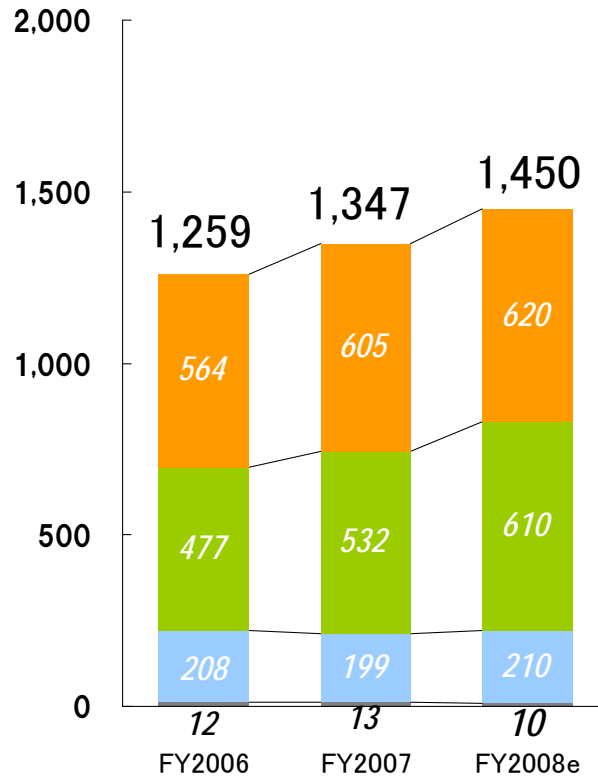
CAPEX / Depreciation / R&D

億円(100million yen)

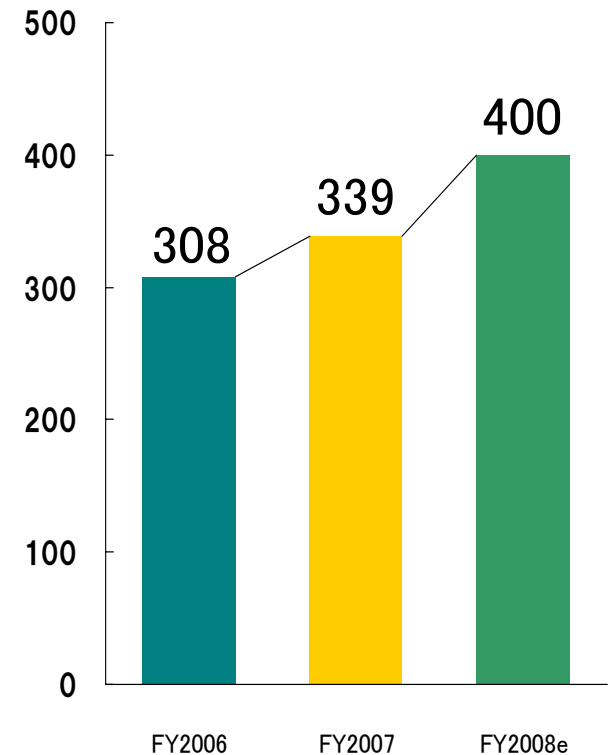
## 設備投資 CAPEX



## 減価償却費 Depreciation



## 研究開発費 R&D



■ ガラス Glass  
■ 電子・ディスプレイ Electronics & Display  
■ 化学 Chemicals  
■ その他 Others



# 付属資料

## Appendix

# 主要な指標

## Major Index

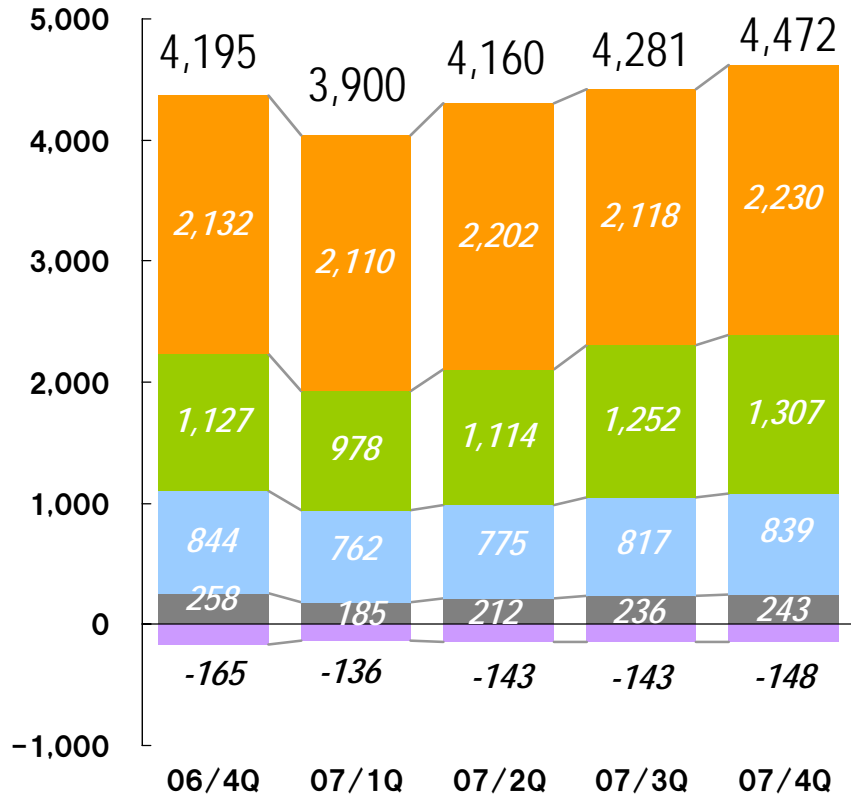
		2006	2007	2008e	
<b>為替(期中平均)</b>		<b>FOREX (Average Outstanding)</b>			
	円/USD	JPY/USD	116.4	117.7	105.0
	円/EUR	JPY/EUR	146.9	162.0	152.0
<b>原油</b>		<b>Crude Oil</b>			
	\$/バレル(Dubai)	\$/BBL	61.5	68.4	85.0

# セグメント別業績推移

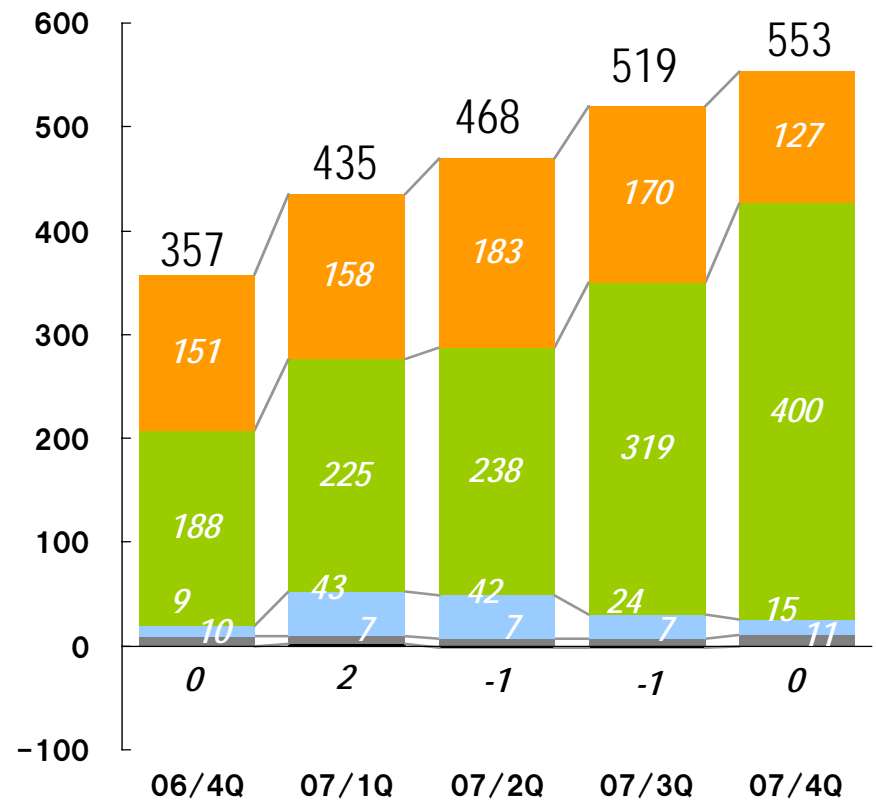
## Performance Trend by Business Segment

億円(100million yen)

### 売上高 Sales



### 営業利益 Operating Profit

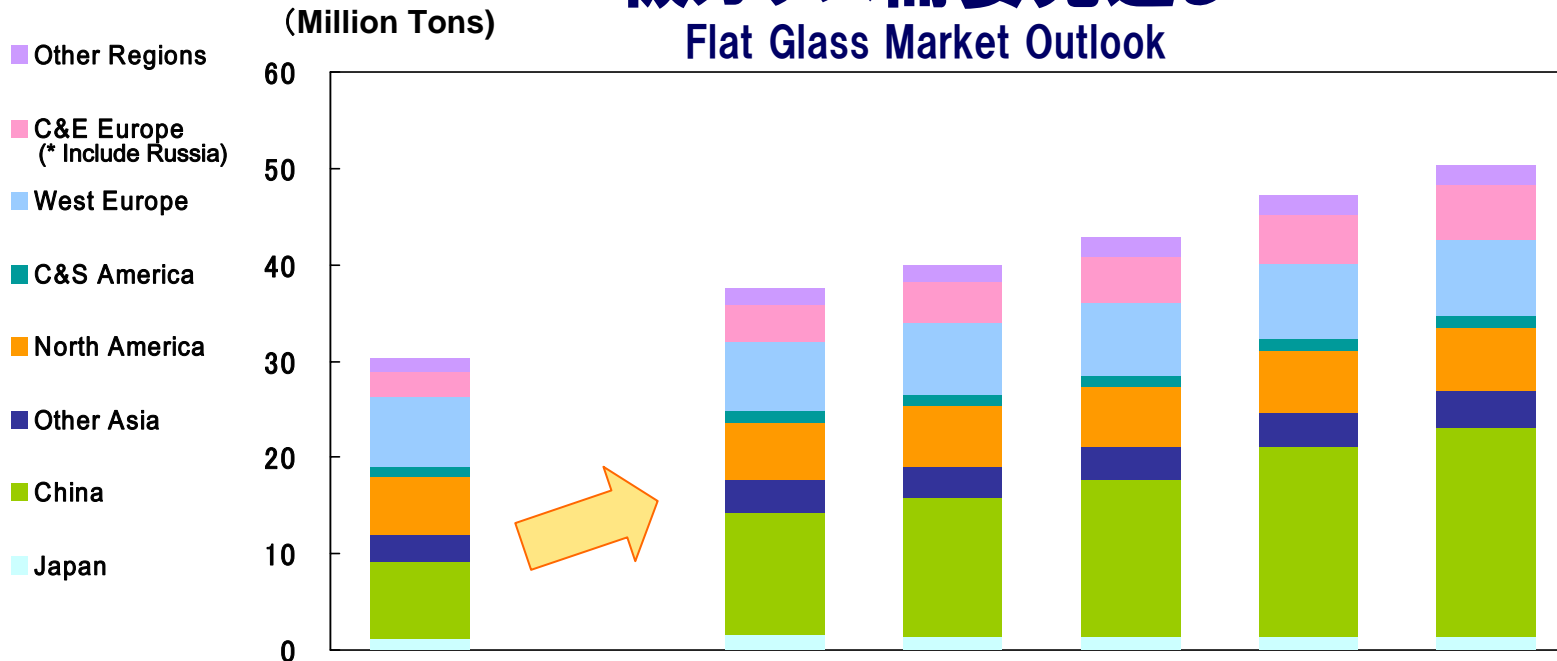


■ ガラス Glass   
 ■ 電子・ディスプレイ Electronics & Display   
 ■ 化学 Chemicals   
 ■ その他 Others   
 ■ 消去 Elimination

\* 中間期実績から1Q実績を差し引いたものを2Qとして、1-3Q実績から中間期実績を差し引いたものを3Qとして、また通期実績から1-3Q実績を差し引いたものを4Qとして、参考記載しています。  
 \* For your reference, 2Q represents "1Q results" subtracted from "1H results", 3Q represents "1H results" subtracted from "9 months results", and 4Q represents "FY results" subtracted from "9 months results".

# 板ガラス需要見通し

## Flat Glass Market Outlook



	2001	=>	2006	2007	2008	2009	2010	CAGR *
Japan	1.2		1.4	1.3	1.3	1.3	1.3	-1.7%
China	8.0		13.8	14.9	16.1	17.3	18.6	7.7%
Other Asia	3.7		4.8	5.0	5.2	5.4	5.5	3.5%
North America	5.8		6.3	6.2	6.3	6.5	6.6	1.1%
C&S America	1.2		1.5	1.6	1.7	1.8	1.9	5.6%
West Europe	7.0		7.3	7.4	7.6	7.7	7.9	2.0%
C&E Europe(*)	2.5		5.0	5.4	5.9	6.3	6.7	7.6%
Other Regions	1.3		1.8	1.9	2.0	2.1	2.3	5.3%
<b>World Total</b>	<b>30.4</b>		<b>41.9</b>	<b>43.7</b>	<b>46.1</b>	<b>48.4</b>	<b>50.6</b>	<b>4.9%</b>

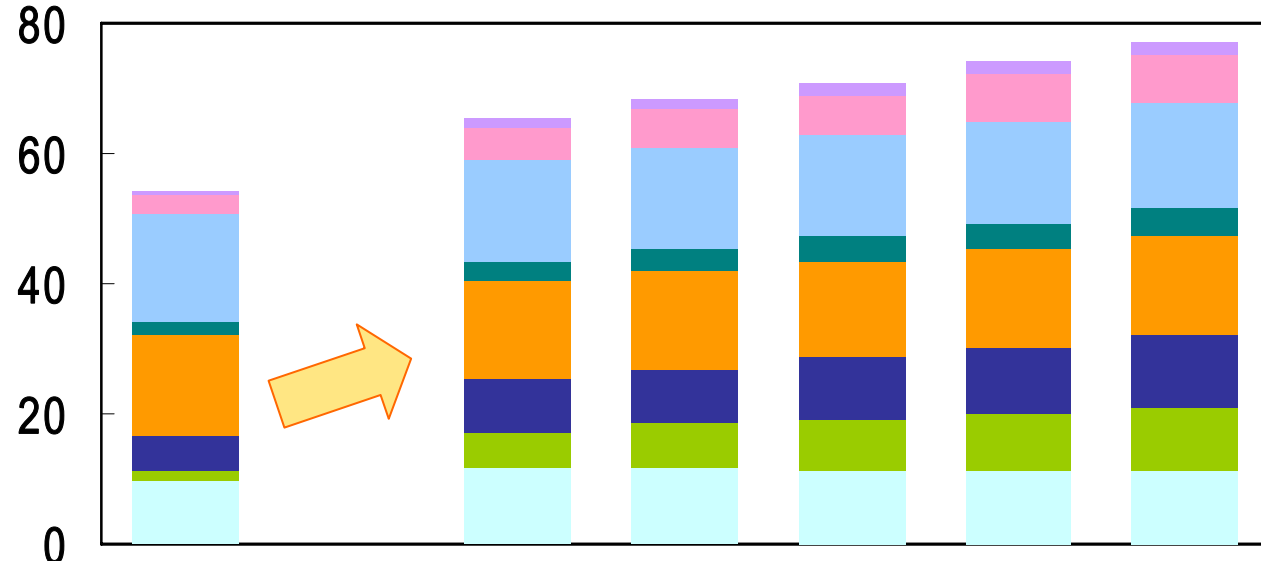
(\* Include Russia)

\*CAGR 2006-2010

# 自動車生産台数見通し

## Automotive Production Outlook

- (Million cars)
- Other Regions
  - C&E Europe \*  
(\* Include Russia)
  - West Europe
  - South America
  - North America
  - Other Asia
  - China
  - Japan
















	2001	→	2006	2007	2008	2009	2010	CAGR**
Japan	9.8		11.5	11.6	11.3	11.1	11.0	-1.1%
China	1.6		5.7	6.8	7.6	8.8	9.9	14.8%
Other Asia	5.4		8.0	8.5	9.7	10.5	11.3	9.0%
North America	15.5		15.3	15.1	14.4	14.6	14.9	-0.7%
South America	2.1		3.0	3.5	3.9	4.1	4.4	9.8%
West Europe	16.5		15.5	15.9	15.5	15.7	15.8	0.5%
C&E Europe (*)	2.6		4.9	5.7	6.4	7.1	7.6	11.5%
Other Regions	0.7		1.6	1.7	1.7	1.8	1.9	4.7%
<b>World Total</b>	<b>54.2</b>		<b>65.5</b>	<b>68.7</b>	<b>70.4</b>	<b>73.7</b>	<b>76.8</b>	<b>4.0%</b>

(\* Include Russia)

\*\*CAGR 2006-2010

# E&E事業の製品

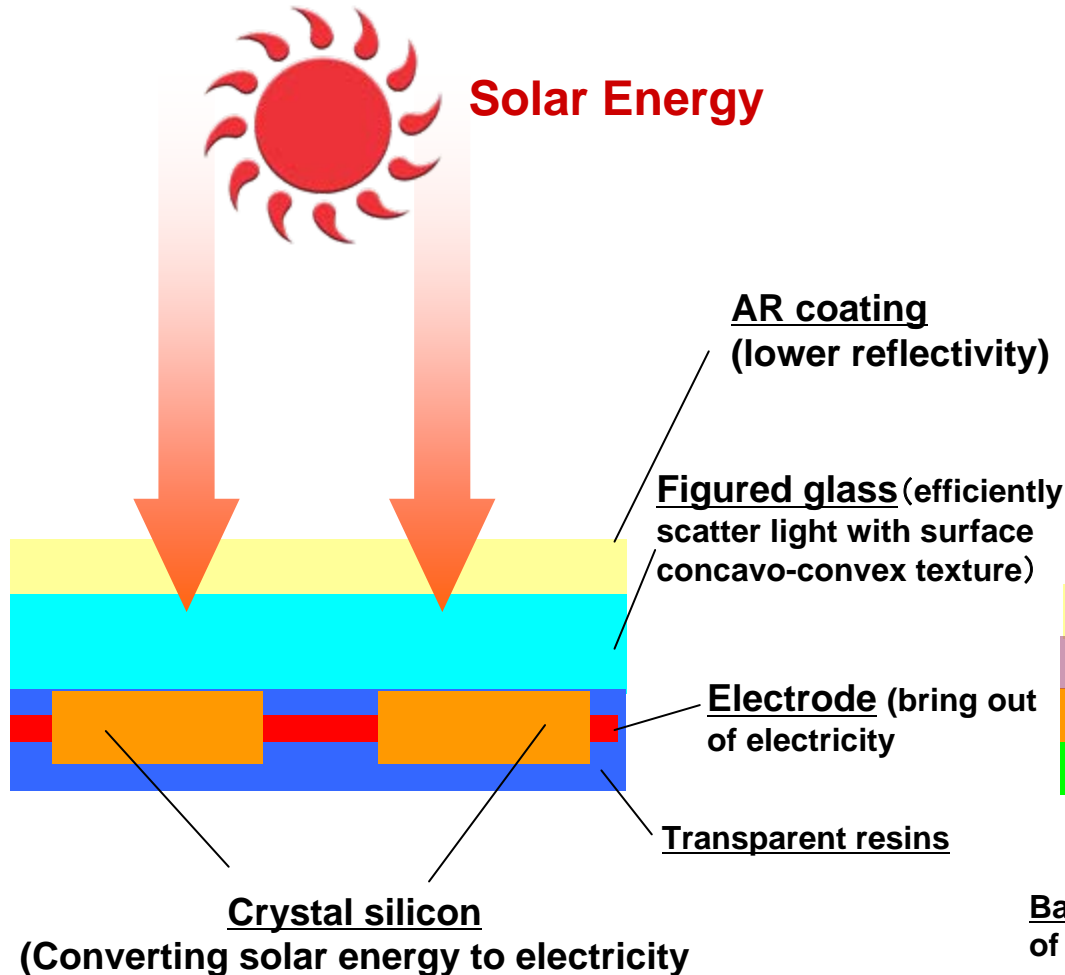
## Products in E&E business

Products	Application/Function
 <p>Lithography processing components and materials (synthetic quartz)</p>	<p>Lens and photo mask materials with low expansion, high light transmittance, and high chemical resistance, used in the exposure process in semiconductor manufacturing</p>
 <p>Thermal process components and materials (SiC)</p>	<p>High purity heat resistant tool/jig, used in the heat treatment process in semiconductor manufacturing</p>
 <p>Backlight tube for liquid crystal</p>	<p>Fine glass tube free of arsenic or antimony, used in CCFL (cold cathode fluorescent lamp) as light source for liquid crystal displays</p>
 <p>Optical devices for optical pick-up</p>	<p>Small and flat optical device made by compounding glass and organic thin film materials, capable of integrating multiple functions into one device, used in optical pick-ups</p>
 <p>Blue filter for CCD</p>	<p>High quality and highly durable thin glass filter, used for luminous efficacy compensation in image sensors (CCD or CMOS sensors) in digital still cameras and digital video cameras</p>
 <p>Coating materials</p>	<p>Coating resin extremely low in permittivity, used for the lamination and packaging processes in semiconductor manufacturing</p>
 <p>CMP slurry</p>	<p>Polishing agent with a high polishing rate and a low scratch level, that produces highly even surface, used for the wafer polishing process in semiconductor manufacturing</p>
 <p>MEA for fuel cells</p>	<p>Highly durable membrane electrode assembly using fluorine resin, used in fuel cells</p>
 <p>Glass substrate for HDD</p>	<p>Highly flat round glass substrate with high heat distortion point and high integrity, used for hard disk drive (HDD) media</p>
 <p>Micro glass</p>	<p>Small aspherical glass lens used in applications, such as digital still cameras and cameras built into cell phones</p>
 <p>Filter for PDP</p>	<p>Optical functional filter integrating various functions, such as color tone or luminance correction, electromagnetic wave shielding, near infrared shielding, or providing low reflection, used at the front face of PDP television units</p>
 <p>Frit paste</p>	<p>Powdered glass paste with low melting point for sealing, thick film, and sintering applications, used in display and electronic components</p>
 <p>Projector components and materials</p>	<p>High grade reflector, integrator lens, LCD cover glass, and polarized beam splitter (PBS) used for projectors</p>

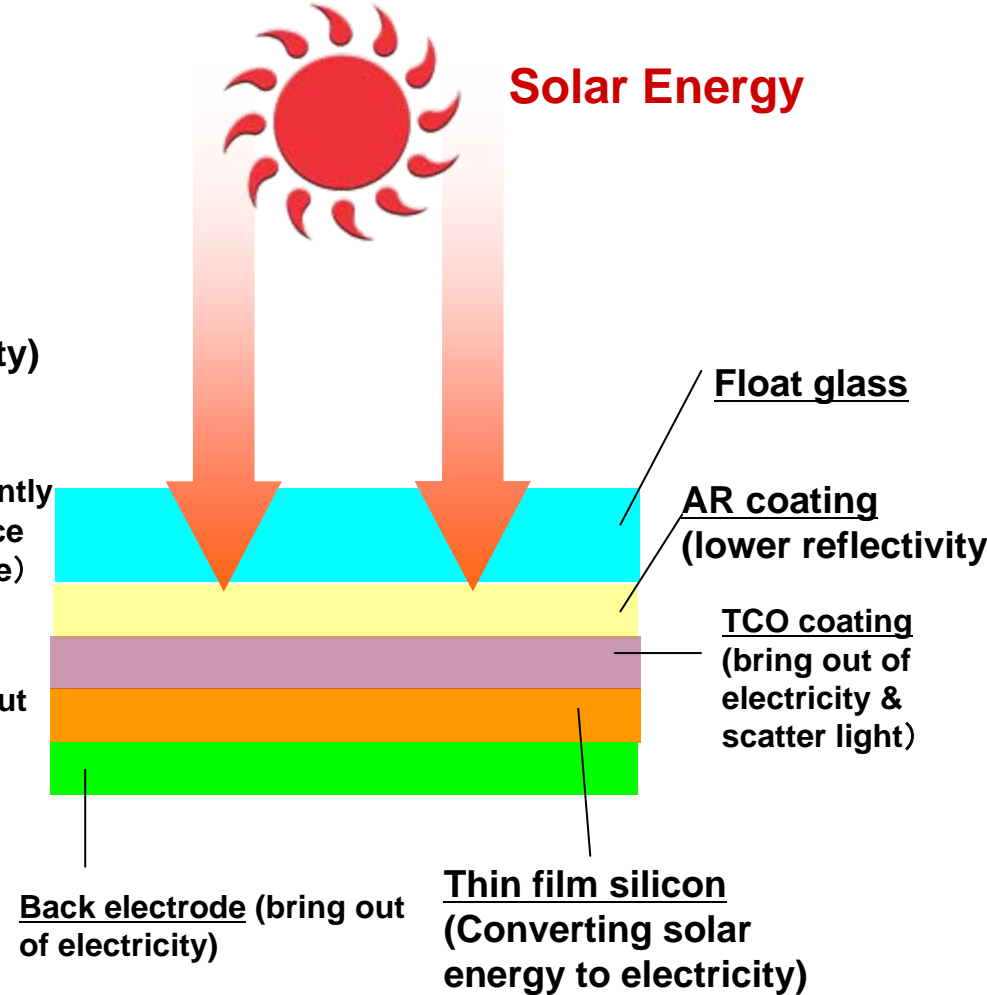
# 太陽電池の種類

Solar cell types

## Crystal silicon type















## Thin film silicon type



# 化学事業の製品

## Products in chemicals business

Products	Application	Contributions to reducing the environmental burden
 Fluorinated water and oil repellent "Asahi Guard E-series"	Various fiber products and paper products including clothing and interior goods	Succeeded in developing a formula that does not use PFOA and its precursors
 Fluorinated solvents "ASAHIKLIN E-3000"	Refrigerants of refrigerators and air-conditioners, urethane foam blowing agent and detergent for precision equipment	Zero ozone-depletion potential, fluorinated solvent and detergent with a low global-warming potential
 Fluorine resin for super-weatherability fluoropolymer For coating "Lumiflon"	Building exteriors, bridges, plants and aircraft, etc.	Requires less frequent repainting
 Fluorine resin "FluonETFE"	Wire coating materials, films, tubes, lining and sealing materials	Fuel hose that prevents percolation of fuel (e.g. prevents evaporation of gasoline)
 Fluorine resin film "Aflex", "F-clean", "FluonETFEfilm"	Release films, architectural roofing and exterior materials, wallpaper, surface protective film for solar cells and flexible substrate, agricultural films	Contributed to increased use of clean energy as solar cell materials. In addition, we will reduce energy consumption by achieving double membranes for greenhouses for agricultural applications that have a high level of optical transparency and excellent insulation properties
 Fluorinated rubber "AFLAS"	Wire coating materials, sealing materials	Lightweight wire coating materials with good thermal resistance and high strength properties. Improve fuel efficiency by reducing the weight of car bodies
 Fluorine electrolyte membrane	MEA for fuel cells	Generate electric power using hydrogen and oxygen as raw materials, and contribute to power generation in which only water is generated as a by-product
 Hydrocarbon ion exchange membranes "Selemion"	High performance water treatment	Desalination and recycling, acid recovery of discharged water
 Caustic soda	Chemicals, synthetics, paper and pulp, etc.	Manufacturing through electrolysis using the cleanest and most environmentally friendly ion exchange membrane method instead of the mercury method
 Chloroform	Raw material for fluorinated products	Manufacturing method that does not discharge carbon tetrachloride as a by-product, but reduces it to chloroform
 Urethane rigid foam "Excenol"	Raw material for polyurethane	Provided foaming technology that does not use chlorofluorocarbons
 Sodium bicarbonate "ACLESYA" "ECOKIDS"	Food, pharmaceutical products, solvents, exhaust gas treatments	Reduced acid component in exhaust gas. Home-use detergent that produce clean discharge water.

# テクノロジー・アウトルックと技術ロードマップ

## Technology Outlook and Technology Roadmap

### Technology Outlook

Technology Outlook is input-information that becomes the basis for improving the accuracy of a long-term technology strategy.

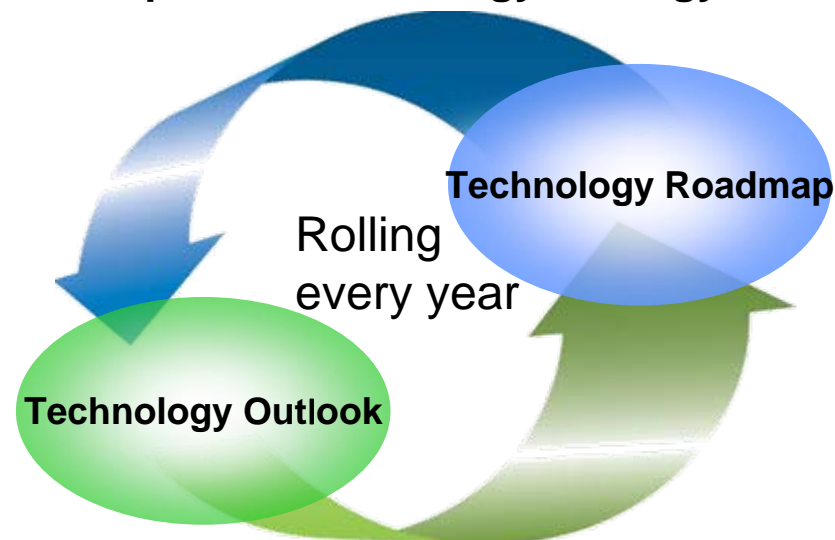
AGC Group will study changes in the macro trend, including changes in populations, GDP, environmental protection issues, regulations, and customers' industries. Based on the results of our study, we boldly forecast impacts on the current businesses and new business opportunities, and share the predictions with each In-House Company, Corporate division, General Division and Research Center.

### Technology Roadmap

Each In-House Company and Research Center will confirm the gap between the presently-held technologies and the businesses, products and technologies to be necessary in the future as a result of technology outlook. And prepare a development road map of necessary products and technologies from the viewpoint of business and technology. Moreover, Technology Planning Office will take the lead in coordinating the handling of inter-industry technologies on the current businesses and technologies that do not belong to the current businesses.

Then, the AGC Group will discuss whether technology strategies within handles technology and business that have been further sophisticated from global perspectives, and provide customers with values while taking future trends into full account.

### Spiral of Technology Strategy



The AGC Group will fully work on the spiral of technological strategy, which handles further sophisticated technology and business from global viewpoint, and provide values to customers, by keeping future perspectives.

### ◆ The AGC Group will use its technological capabilities to contribute to the global environment.

Based on its technological capabilities, the AGC Group will provide values that can contribute to the global environment throughout our products' entire life cycles.

#### ■ Environmental products

- Products that reduce the effect that chemical substances have on the environment  
glass substrates for LCDs, backlight tubes for LCDs,  
fluorinated water and oil repellant materials (ASAHIGUARD E-SERIES etc)
- Products that contribute to reducing emissions of greenhouse gasses  
Low-E pairglass, IR-UV cut glass, fluorinated solvents (ASAHIKLIN AE-3000 etc)
- Clean energy products  
glass for solar cells, MEA, etc

#### ■ Energy saving production system

- Chemical electrolysis business: Fluorinated ion-exchange
- Glass melting furnace: New combustion system (now being tested),  
Air melting technology (being developed jointly with NEDO)

# 財務指標

## Financial Index

				02/3	03/3	03/12*	04/12	05/12	06/12	07/12
売上高	Sales	億円	100 Mil Yen	12,632	12,950	12,430	14,757	15,267	16,205	16,812
営業利益	Operating Profit	億円	100 Mil Yen	590	675	832	1,394	1,182	1,366	1,975
当期純利益	Net Income	億円	100 Mil Yen	-126	-39	536	783	600	450	696
株主資本利益率(ROE)	Return on Equity	%	%	-2.1%	-0.7%	9.1%	11.8%	7.7%	5.1%	7.5%
総資産利益率(ROA)	Return on Assets	%	%	3.1%	3.7%	4.6%	7.6%	6.0%	6.5%	9.3%
投資資本利益率(ROI)	Return on Investment	%	%	4.8%	5.6%	7.2%	11.9%	9.5%	10.0%	13.8%
株主資本比率	Equity Ratio	%	%	31%	31%	35%	37%	41%	42%	45%
D/Eレシオ	D/E Ratio	倍	times	1.08	1.10	0.78	0.64	0.56	0.58	0.52
営業CF/有利子負債	CF from Operating Activities/Interest-bearing debt	倍	times	0.18	0.26	0.26	0.44	0.35	0.30	0.46
EBITDA	EBITDA	億円	100 Mil Yen	1,689	1,765	1,831	2,720	2,409	2,625	3,322

\*03/12は、決算日変更のため9ヶ月変則決算

※Nine months of April 2003 through December 2003, respectively

## 予測に関する注意事項 Disclaimer

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**AGC** 旭硝子株式会社

**ASAHI GLASS CO., LTD.**

1-12-1 Yurakucho Chiyoda-ku, Tokyo

Shin-Yurakucho Building 〒100-8405

**Contact :Corporate Communications & Investor Relations**

**E-mail : [investor-relations@agc.co.jp](mailto:investor-relations@agc.co.jp)**

**T E L : 03-3218-5064**

**F A X : 03-3201-5390**

**[www.agc.co.jp](http://www.agc.co.jp)**