

AGCC *Review*

Newsletter for
ShareholdersVol. **32**

Issued in March 2018

To Our Shareholders

In fiscal 2017, higher sales and earnings were achieved through the increased shipments in each business segment and the consolidation of acquired companies. The annual dividend was 105 yen per share (after considering the stock consolidation on July 1, 2017). As for dividend payment for fiscal 2018, we plan to set the interim and year-end dividends for fiscal 2018 at 55 yen per share, and the annual dividend will be 110 yen per share.

This year is the first year of the new mid-term management plan, **AGC plus-2020**, and at the same time it will be a year of new beginnings as we change our company name to AGC Inc. Together with all of our executives and employees, we will continue to devote our utmost to enable AGC to grow and become a global brand trusted by stakeholders around the world. We look forward to your continued support of the AGC Group in the future.

Takuya Shimamura, President and CEO

AGC ASAHI GLASS

Code Number: 5201



CEO Interview

New mid-term management plan, **AGC plus-2020**



Under **AGC plus-2017**, which started in fiscal 2015, we continued to increase profits for the third consecutive year, exceeding key management targets such as operating income, targeted at 100 billion yen, and an ROE of 5% or more. In the following, we will explain our new mid-term management plan, **AGC plus-2020**, formulated for the three years from fiscal 2018.

Q
1

Please tell us about the positioning and targets of the **AGC plus-2020** mid-term management plan.

We have established “Vision 2025” as follows.

“Vision 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. The AGC Group will continue being a highly profitable, leading global material and solution provider.

Aim to renew our record high operating profit of 229.2 billion yen

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

Core strategies

Strengths

Wide-ranging customer base

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

Production technology development capability and operational excellence

Utilizing the strengths of the AGC Group, such as our broad customer base and material technology, we will focus on our Core Businesses of glass, chemicals, displays, and ceramics to provide a long-term and stable earnings foundation, as well as targeting mobility, electronics, and the life sciences areas as Strategic Businesses to aim for

high growth and renew our record high operating profit of 229.2 billion yen in fiscal 2025.

The three years of the newly formulated mid-term management plan, **AGC plus-2020**, are positioned as a period for building the foundation for fiscal 2025.

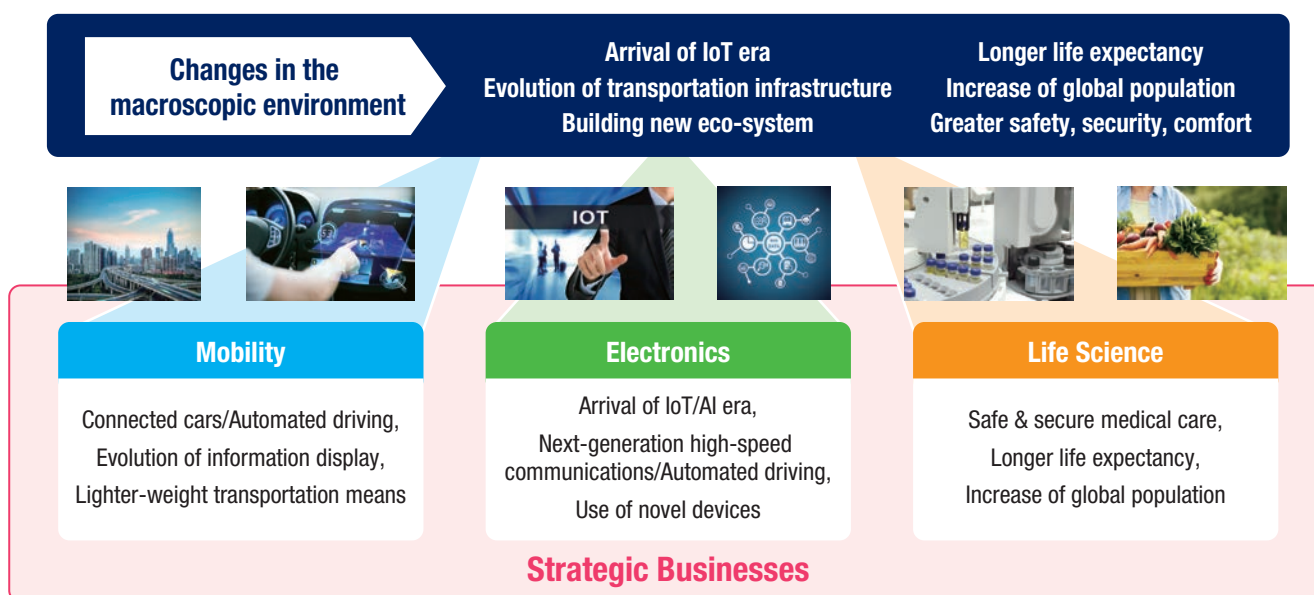
Specific management targets are as follows.

	FY2017 Actual	FY2020 Target	FY2025 Target
Operating profit	119.6 billion yen	160.0 billion yen or more	229.2 billion yen or more (record high)
ROE	6.1%	8% or more	10% or more
Strategic business contribution ratio	10%	25% or more	40% or more
D/E	0.38	0.5 or less	0.5 or less

Q2 Please provide some detail as to your thinking about Strategic Businesses.

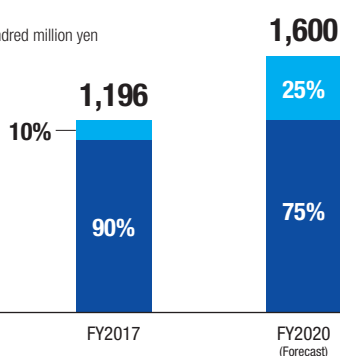
Since our founding, the AGC Group has provided essential products to the world to match changing times. In response to expected changes in the macroeconomic environment, we define three areas for Strategic Businesses that take advantage of our strengths: mobility, electronics, and life

sciences. We aim to take environmental changes as opportunities and raise the profit contribution ratio for Strategic Businesses to over 40% in fiscal 2025 through aggressive investment.



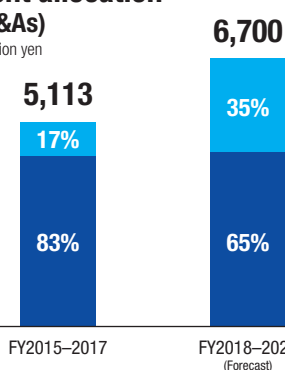
Operating profit structure

Unit: Hundred million yen



Investment allocation (CAPEX/M&As)

Unit: Hundred million yen



Strategic business
Core business

Q3

What is your policy about shareholder returns?

In terms of shareholder returns, our policy remains unchanged. Based on continuation beyond the current annual dividend per share, we aim for a consolidated total return ratio inclusive of treasury stock acquisition of no less than 50% as a guideline, as we actively strive to return

dividends to our shareholders, comprehensively taking into consideration consolidated business results and future investment plans.

Going forward, I would like to ask for the continued support of our shareholders.

Highlights of the Group's Financial Results

Fiscal 2017 Results and Fiscal 2018 Forecast

Net sales/Operating profit

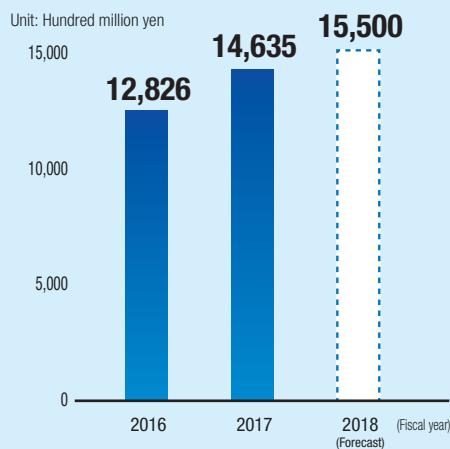
Increased due to shipment increases in each business segment and consolidation of acquired companies.

Profit for the year attributable to owners of the parent

Profit rose from higher operating profit.

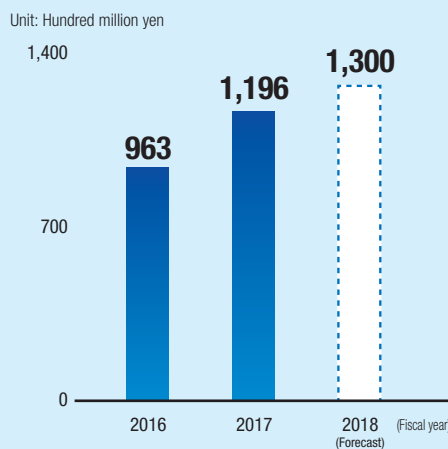
Net sales

14,635 hundred million yen
(up 14.1% year-on-year)



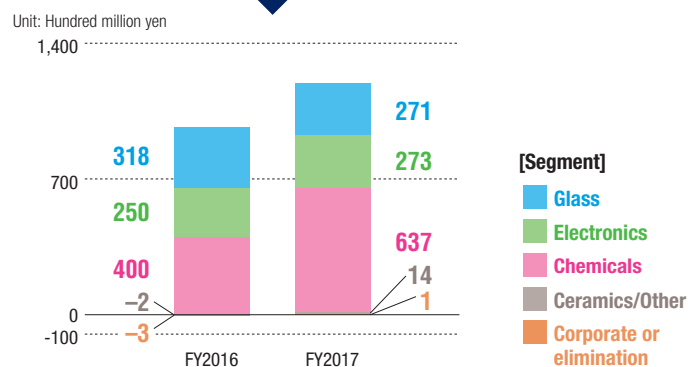
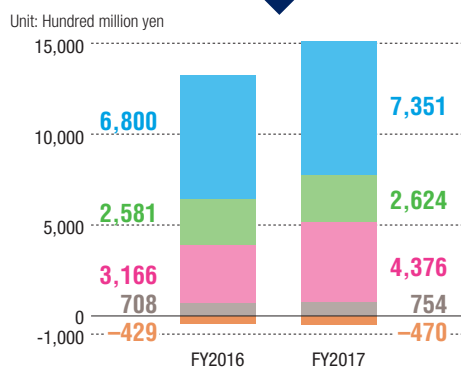
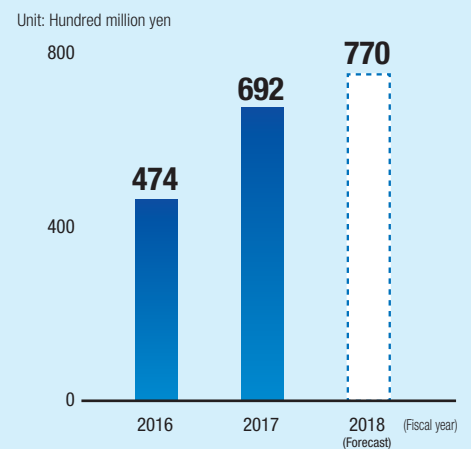
Operating profit

1,196 hundred million yen
(up 24.3% year-on-year)



Profit for the year attributable to owners of the parent

692 hundred million yen
(up 45.9% year-on-year)



[Segment]

- Glass
- Electronics
- Chemicals
- Ceramics/Other
- Corporate or elimination

The 45th Tokyo Motor Show 2017 Exhibition at “TOKYO CONNECTED LAB 2017”

We developed a booth with the concept “The role of glass in interactive communication between people and cars.”

Automated driving needs not only “cars” but also advanced information communication functions, including information transmission between cars and people. Our exhibition focused on the theme of future R&D.



Technology to display information in glass

- Front glass:** Navigation, warnings, door mirror display
- Pillar glass:** Built-in blinker
- Rear glass:** Built-in high mount stop light
- Door glass:** Display of information for people outside the car

Technology for safety and comfort

- Instrument panel cover glass:** Chemically strengthened glass, anti-fingerprint coating
- Front and rear glass:** Multifunctional antenna technology for advanced communication

We will continue to innovate to enable us to offer products with new values that match the trends of the times.

Please visit the renovated AGC Studio!

AGC Studio is a showroom aimed at exhibiting new value proposed by the AGC Group. On the first floor, the brand delivery floor, we hold periodic exhibitions that propose new solutions for people’s lifestyles. On the second floor, the business floor, we introduce AGC Group advanced technologies and new products.



AGC Studio

Event information and applications are as follows.
<https://www.agcstudio.jp/english/>

An image of the “Renovation Exhibition + DESIGN,” held in autumn 2017

Opening hours:
 10:00 a.m. – 6:00 p.m.
 Closed:
 Sundays, Mondays, public holidays,
 New Year’s holidays, summer holidays

Kyobashi Sousei-kan 1, 2nd Floor,
 2-5-18 Kyobashi, Chuo-ku, Tokyo
 Tel: +81-3-5524-5511
 Near Exit 4 of Kyobashi Station,
 Tokyo Metro Ginza Line

From the Manager



The concept of AGC Studio, renovated and reopened in October 2017, is “There are new discoveries each time you visit. A space where AGC creates the future.” We aim to become a brand transmission base where people can experience the various solutions proposed by the AGC Group. The “Glass Building Tour,” a walking observation tour of glass buildings in the Ginza and Marunouchi areas (March through December, free participation), is held once a month. Please visit the AGC Studio website for details.

Ko Ishibashi, AGC Studio Manager

Corporate Outline

(as of December 31, 2017)

Name

-Company name: AGC Asahi Glass

-Registered company name:

Asahi Glass Company, Limited

Founded: September 8, 1907

Incorporated: June 1, 1950

Capital: ¥90,873,373,264

Head office:

Shin-Marunouchi Building, 1-5-1 Marunouchi,
Chiyoda-ku, Tokyo 100-8405

Phone: +81-3-3218-5096

Number of consolidated subsidiaries:

210 (including 172 companies overseas)

State of Shares

(as of December 31, 2017)

Number of shares outstanding: 235,177,781

Number of shareholders: 56,770

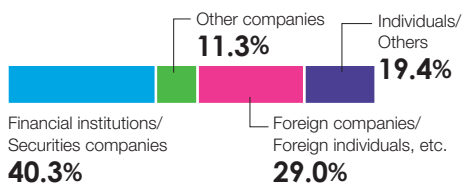
Shareholders who own shares of one unit or more:

49,060

Shareholder Composition

(as of December 31, 2017)

(Shareholders who own one unit or more)



Information about Shares

Fiscal year: January 1 to December 31

Ordinary general shareholders' meeting: March

Shareholder registration date for entitlement to exercise:

Voting rights at ordinary general shareholders'

meeting: December 31

Rights to receive annual dividend payment:

December 31

Rights to receive interim dividend payment: June 30

Public notice: Electronic public notices

<http://www.agc.com>

Shareholder Registrar/Special Account Administrator:

Securities Agency Division, Mitsubishi UFJ

Trust and Banking Corporation

Contact:

Phone: 0120-232-711 (toll free within Japan)

Mailing address:

P.O Box 29, Shin Tokyo Post Office,

Tokyo 137-8081

Securities Agency Division, Mitsubishi UFJ

Trust and Banking Corporation

Payment of dividends:

As stated in the Articles of Incorporation, dividends not claimed within five years from the starting date of payment are no longer payable. We therefore urge shareholders to claim all payable dividends at the earliest convenient date.

Dividends that the shareholder has not received will be paid at the Mitsubishi UFJ Trust and Banking Corporation.

To shareholders owning shares constituting less than one unit:

Shareholders owning shares constituting less than one unit (1-99 shares) of AGC may request AGC to purchase such shares/sell additional shares. For the details of such procedures, including requests for necessary forms, please notify the following place of contact.

Contact Information for Inquiries Regarding Shares

Shareholders who have an account with securities companies, etc.	Shareholders who have a special account
Securities companies or other entities with which you have an account	Mitsubishi UFJ Trust and Banking Corporation (our Special Account Administrator) Phone: 0120-232-711 (toll free within Japan)



Note concerning information about the future

Please note that statements made in this document concerning projected figures, future measures, and other information about the future involve uncertainties.