

Financial Results for FY2014

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AGC ASAHI GLASS CO., LTD.

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Financial Results for FY2014

1. Highlights of the Financial Results

Net sales	1,348.3 billion yen (up 28.3 billion yen YoY)
Operating profit	62.1 billion yen (down 17.8 billion yen YoY)
Profit for the year attributable to owners of the parent	15.9 billion yen (down 0.2 billion yen YoY)

- ✓ Net sales increased thanks to increased shipments of glass and chemicals, as well as the continued depreciation of the yen.
- ✓ Operating profit decreased due to sales price declines in the LCD glass substrate business and the architectural glass business in Eastern Europe, price increases of fuels and raw materials, and cost increase at some of the overseas subsidiaries due to the weak yen.
- ✓ Operating profit recovered to the previous year's level in 4Q.
- ✓ Glass business moved into the black on the annual basis.

Summary of the Financial Results



(100 million yen)

		FY2013	FY2014	Change	Change %
Net sales		13,200	13,483	+283	+2.1%
Operating profit		799	621	-178	-22.2%
Profit before tax		444	412	-32	-7.3%
Profit for the year attributable to owners of the parent		161	159	-2	-1.4%
Dividend (yen/share)		18	18		
Operating profit margin		6.1%	4.6%		
ROE		1.6%	1.4%		
Forex (Average)	JPY/USD	97.65	105.85		
	JPY/EUR	129.68	140.42		
Crude oil	\$/BBL(Dubai)	105.5	96.5		

Consolidated Statements of Profit or Loss



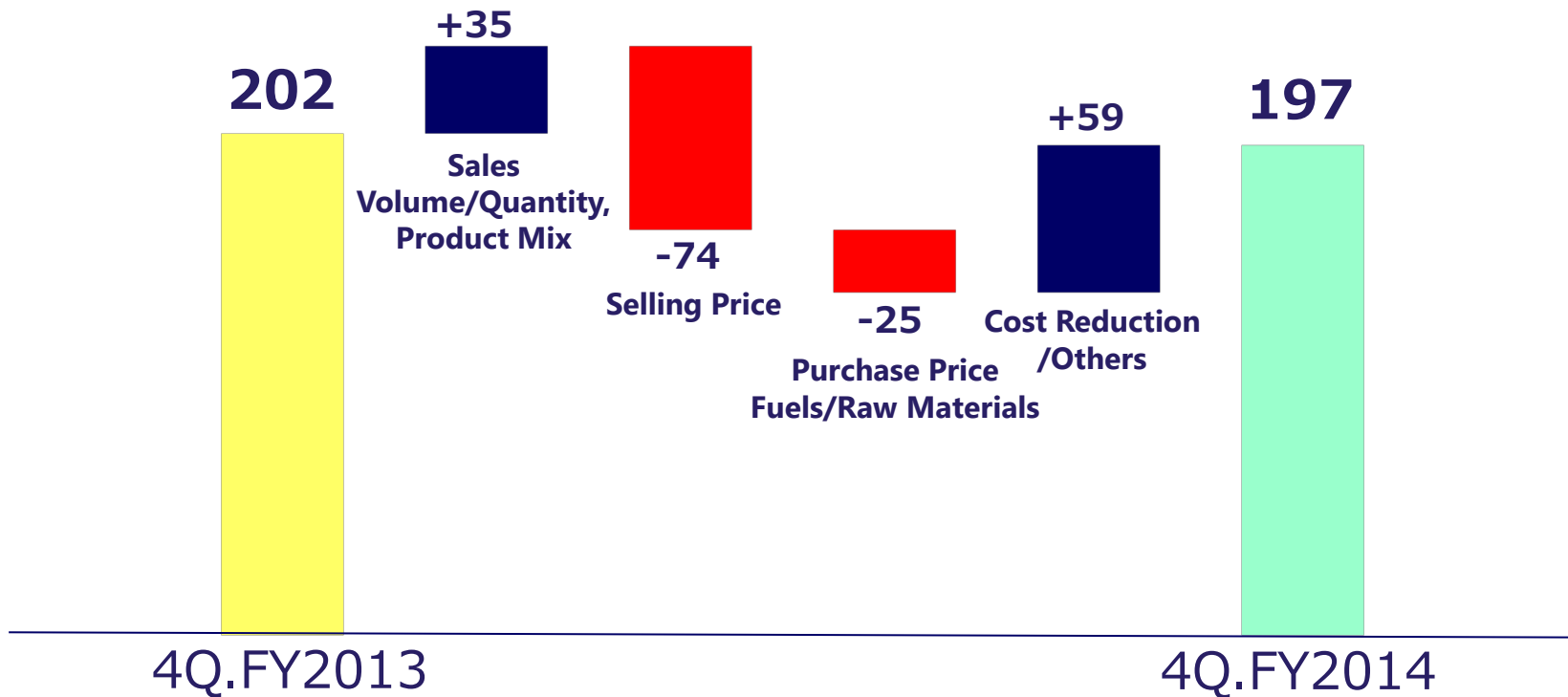
	4Q			Full-year (100 million yen)		
	FY2013	FY2014	Change	FY2013	FY2014	Change
Net sales	3,481	3,541	+60*	13,200	13,483	+283*
Operating profit	202	197	-5	799	621	-178
Other income/expenses	-132	-59		-341	-181	
Business profit	70	138	+68	458	440	-18
Finance income/costs	-2	6		-15	-29	
Profit before tax	68	144	+76	444	412	-32
Income tax expenses	92	56		254	207	
Profit for the year	-24	88	+112	190	205	+15
attributable to owners of the parent	-35	75	+110	161	159	-2
attributable to non-controlling interests	11	13		29	46	

* Foreign exchange fluctuation resulted in +17.1 billion yen in Net sales in 4Q, and +50.9 billion yen in Net sales in full-year.

Variance Analysis on OP(4Q.FY2014 vs. 4Q.FY2013) **AGC**

¥ 0.5 bn down from same period last year

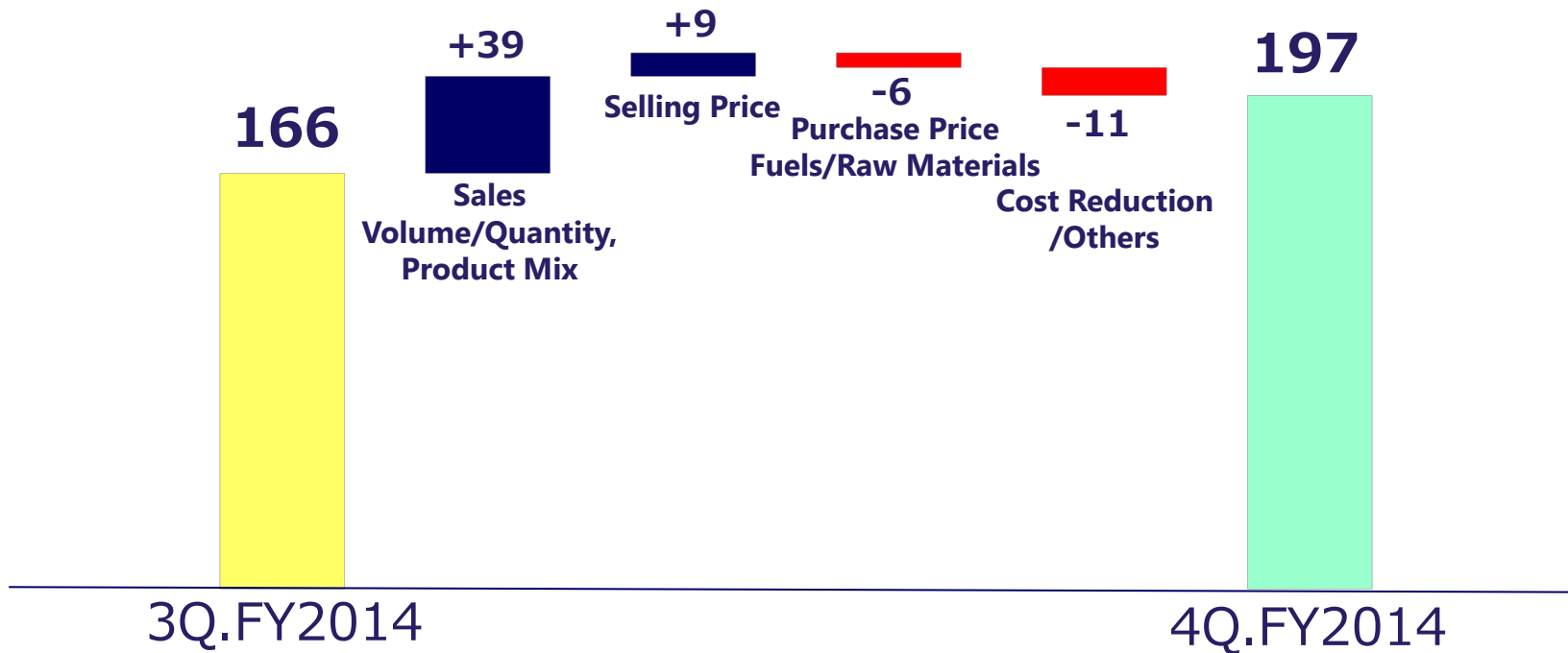
(100 million yen)



Variance Analysis on OP(4Q.FY2014 vs. 3Q.FY2014) **AGC**

¥ 3.1 bn up from last quarter

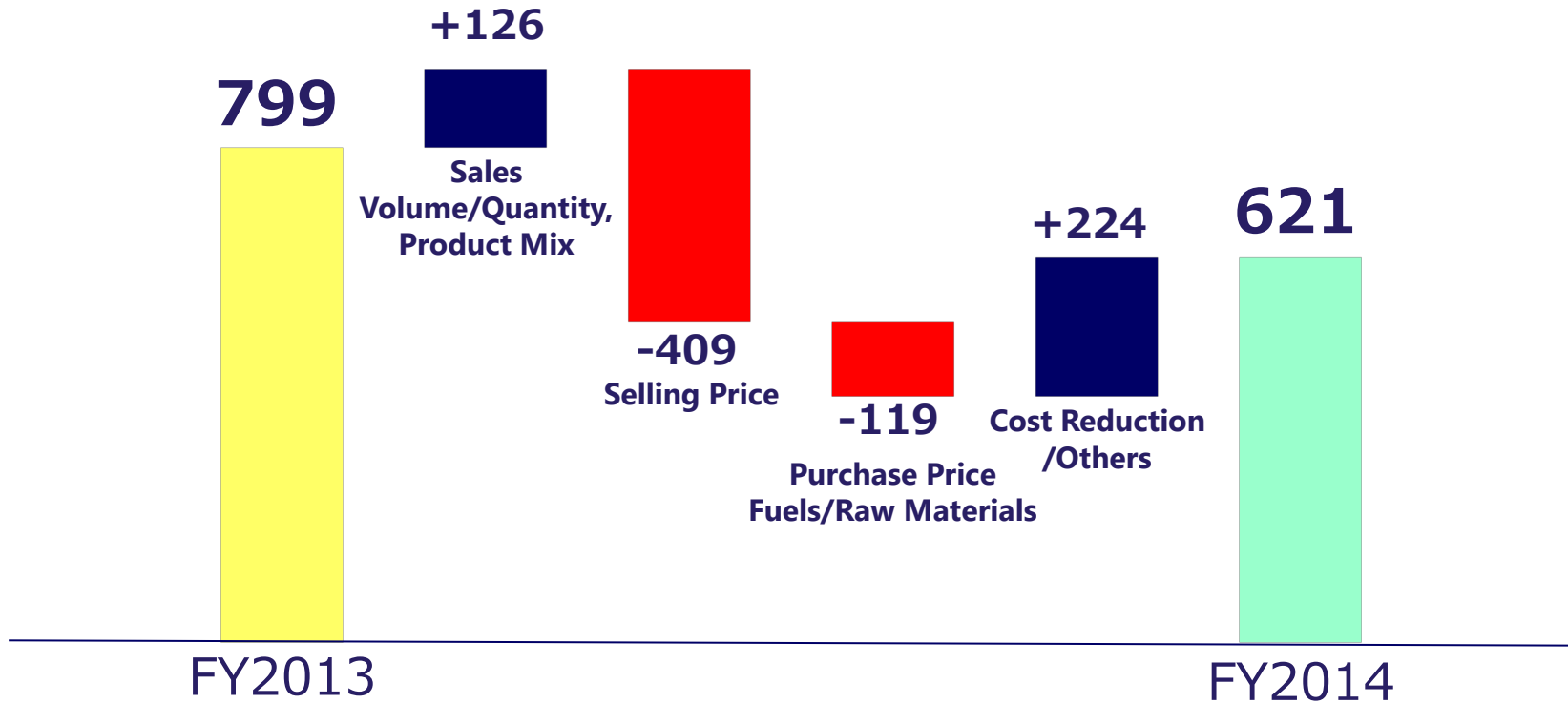
(100 million yen)



Variance Analysis on OP(FY2014 vs. FY2013)

¥ 17.8 bn down from last year

(100 million yen)



Consolidated Statement of Financial Position



(100 million yen)

	FY2013	FY2014	Change
Cash and cash equivalents	1,326	697	-630
Inventories	2,366	2,395	+29
Property, plant and equipment, Goodwill and Intangible assets	11,222	11,283	+61
Other assets	6,292	6,399	+107
Total assets	21,206	20,773	-433*
Interest-bearing debt	5,750	4,993	-758
Other liabilities	4,005	3,975	-29
Liabilities	9,755	8,968	-786
Total equity attributable to owners of the parent	10,872	11,131	+259
Non-controlling interests	579	674	+94
Equity	11,451	11,805	+353
Total liabilities and equity	21,206	20,773	-433*

D/E ratio

0.50

0.42 * +71.2 billion yen due to foreign exchange fluctuation

Consolidated Statement of Cash Flow



(100 million yen)

	FY2013	FY2014
Profit before tax	444	412
Depreciation and amortization expense	1,358	1,372
Increase(decrease) in working capital	70	36
Others	-198	-461
Cash flows from operating activities	1,674	1,358
Cash flows from investing activities	-1,460	-1,088
Free cash flow	214	270
Changes in interest-bearing debt	17	-789
Dividends paid	-300	-162
Others	-53	4
Cash flows from financing activities	-336	-947
Effect of exchange rate changes on cash and cash equivalents	110	46
Net increase(decrease) in cash and cash equivalents	-12	-630

(100 million yen)

	FY2013	FY2014
CAPEX	1,385	1,182
Glass	738	446
Electronics	434	430
Chemicals	207	301
Ceramics/Other	5	4
Depreciation	1,358	1,372
Glass	485	505
Electronics	666	637
Chemicals	194	207
Ceramics/Other	15	25
Elimination	-2	-2
R&D	469	448

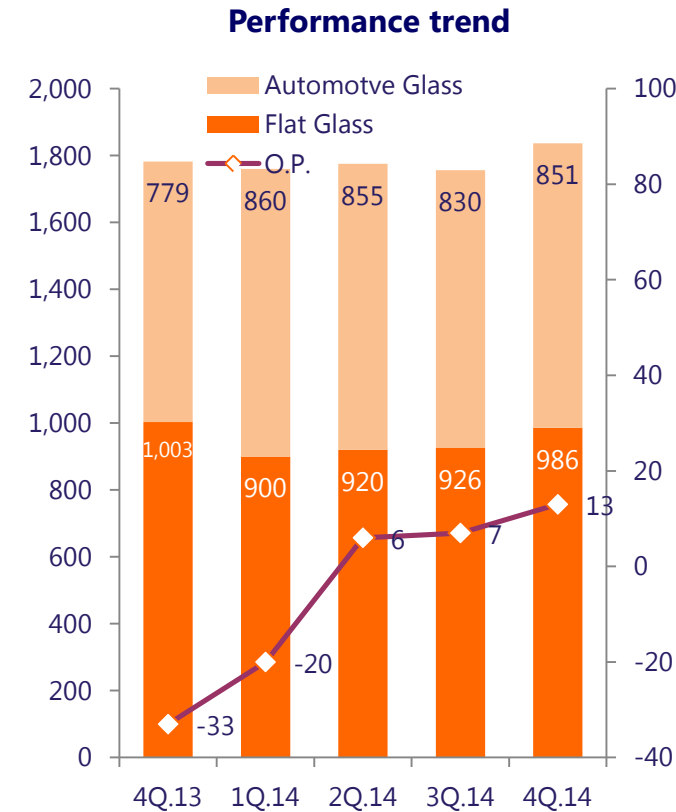
2. Information by Business and Geographic Segments

Glass Segment (1)

(100 million yen)

	4Q			Full-year		
	FY2013	FY2014	Change	FY2013	FY2014	Change
Net sales	1,781	1,837	+55	6,673	7,127	+454
Operating profit	-33	13	+45	-131	6	+136

Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	4Q	1,837	837	309	737	-49
	Full-year	7,127	3,248	1,127	2,929	-177
Flat glass	4Q	986	398	123	492	-28
	Full-year	3,731	1,480	459	1,912	-120
Automotive glass	4Q	851	438	186	245	-18
	Full-year	3,396	1,767	669	1,017	-57



【YoY comparison for full-year】

〔Architectural Glass〕

- Japan/Asia : Shipments remained strong.
- Americas : Shipments remained strong.
- Europe : Shipments remained strong. but the price levels in Eastern Europe remained below the level of the previous year.

〔Automotive Glass〕

- Shipments increased thanks to robust auto production.

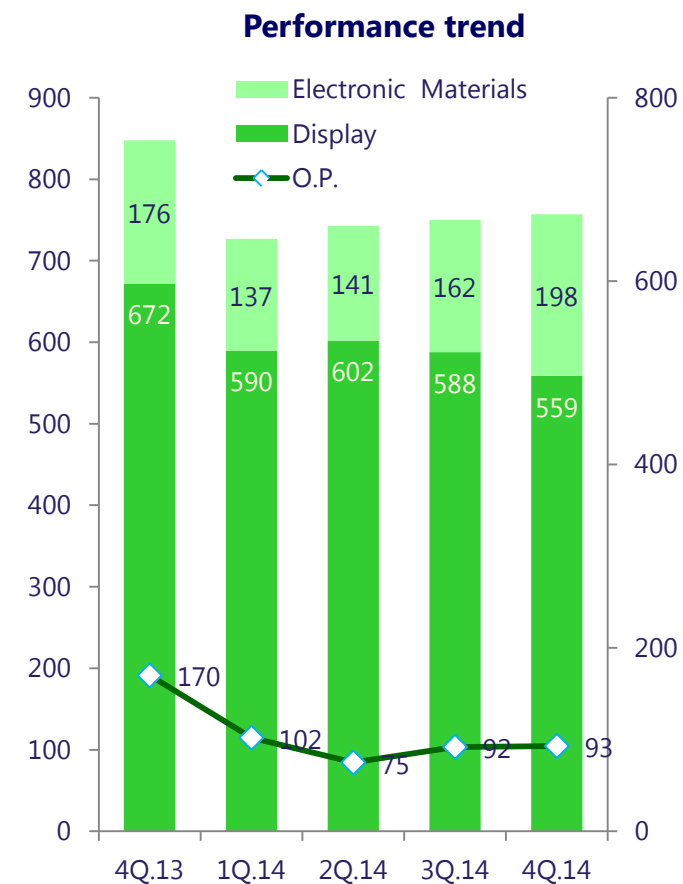
Electronics Segment (1)

(100 million yen)

	4Q			Full-year		
	FY2013	FY2014	Change	FY2013	FY2014	Change
Net sales	848	757	-90	3,460	2,977	-483
Operating profit	170	93	-77	741	362	-379

Breakdown of sales

Display	4Q	559
	Full-year	2,339
Electronic Materials	4Q	198
	Full-year	638



【YoY comparison for full-year】

〔Display〕

- Shipments of TFT-LCD glass substrates and specialty glass for display applications increased, but a decline in the sales prices affected the operating results.
- Shipments of PDP related products decreased due to weakening demand.

〔Electronic Materials〕

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

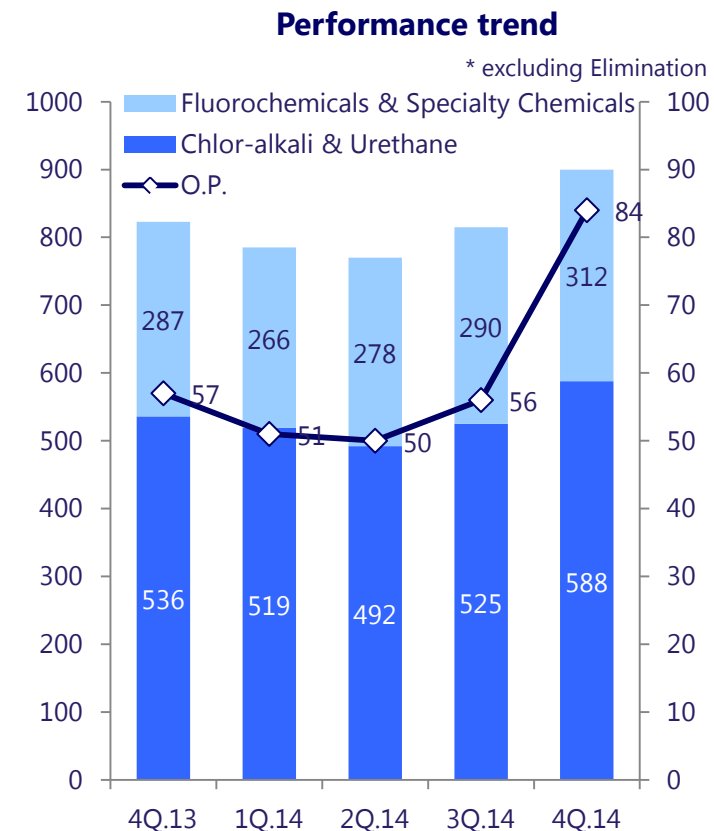
Chemicals Segment (1)

(100 million yen)

	4Q			Full-year		
	FY2013	FY2014	Change	FY2013	FY2014	Change
Net sales	800	875	+75	2,907	3,172	+266
Operating profit	57	84	+27	177	244	+64

Breakdown of sales

Chlor-alkali & Urethane	4Q	588
	Full-year	2,124
Fluorochemicals & Specialty Chemicals	4Q	312
	Full-year	1,146
Elimination	4Q	-24
	Full-year	-97



【YoY comparison for full-year】

〔Chlor-alkali & Urethane〕

- Japan & Asia continued to show strong performance.

〔Fluorochemicals & Specialty Chemicals〕

- Shipments of fluorinated resin and pharmaceutical and agrochemical intermediates and active ingredients remained buoyant.

YoY Performance Comparison by Business Segment

	4Q			Full-year (100 million yen)		
	FY2013	FY2014	Change	FY2013	FY2014	Change
Net sales	3,481	3,541	+60	13,200	13,483	+283
Glass	1,781	1,837	+55	6,673	7,127	+454
Electronics	848	757	-90	3,460	2,977	-483
Chemicals	800	875	+75	2,907	3,172	+266
Ceramics/Other	215	206	-10	786	808	+23
Elimination	-163	-133	+30	-625	-602	+24
Operating profit	202	197	-5	799	621	-178
Glass	-33	13	+45	-131	6	+136
Electronics	170	93	-77	741	362	-379
Chemicals	57	84	+27	177	241	+64
Ceramics/Other	5	7	+2	12	11	-2
Elimination	2	0	-2	-1	2	+3

Quarterly Performance Comparison by Business Segment



(100 million yen)

	3Q. FY2014	4Q. FY2014	Change	Change %
Net sales	3,350	3,541	+191	+5.7%
Glass	1,756	1,837	+81	+4.6%
Electronics	750	757	+8	+1.0%
Chemicals	788	875	+87	+11.0%
Ceramics/Other	223	206	-17	-7.6%
Elimination	-166	-133	+32	-
Operating profit	166	197	+31	+18.8%
Glass	7	13	+5	+71.0%
Electronics	92	93	+0	+0.4%
Chemicals	56	84	+28	+50.1%
Ceramics/Other	10	7	-2	-25.8%
Elimination	0	0	-0	-

YoY Performance Comparison by Geographic Segment

	4Q			Full-year ^(100 million yen)		
	FY2013	FY2014	Change	FY2013	FY2014	Change
Net sales	3,481	3,541	+60	13,200	13,483	+283
Japan & Asia	2,511	2,488	-24	9,569	9,398	-171
Americas	281	383	+103	1,118	1,399	+282
Europe	779	782	+3	2,914	3,130	+217
Elimination	-89	-112	-23	-400	-445	-45
Operating profit	202	197	-5	799	621	-178
Japan & Asia	339	292	-47	1,327	1,036	-291
Americas	-41	-8	+33	-103	-49	+54
Europe	-12	-1	+11	-106	-38	+68
Elimination	-5	-1	+3	-7	3	+9
Cross-regional common expenses	-80	-84	-5	-312	-331	-18

Quarterly Performance Comparison by Geographic Segment



(100 million yen)

	3Q. FY2014	4Q. FY2014	Change	Change %
Net sales	3,350	3,541	+191	+5.7%
Japan & Asia	2,340	2,488	+148	+6.3%
Americas	349	383	+34	+9.7%
Europe	769	782	+14	+1.8%
Elimination	-108	-112	-4	-
Operating profit	166	197	+31	+18.8%
Japan & Asia	249	292	+43	+17.2%
Americas	-4	-8	-4	-
Europe	2	-1	-3	-
Elimination	-1	-1	-1	-
Cross-regional common expenses	-81	-84	-4	-

The Impact of FOREX and Change in the Scope of Consolidation (Compared with FY2013)

Net sales	Consolidated total*	Glass	Electronics	(100 million yen)
				Chemicals
FY2014	13,483	7,127	2,977	3,172
Change vs. FY2013	+283	+454	-483	+266
Change like-for-like vs.FY2013	-271	+79	-522	+135
Impact of FOREX	+509	+358	+39	+106
Impact of Change in the Scope of Consolidation	+45	+16	-	+25

* 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

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

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

(100 million yen)

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

* () shows First-half

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

[Glass]

● Architectural Glass

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

● Automotive Glass

Shipments are expected to increase driven by strong auto production.

[Electronics]

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

[Chemicals]

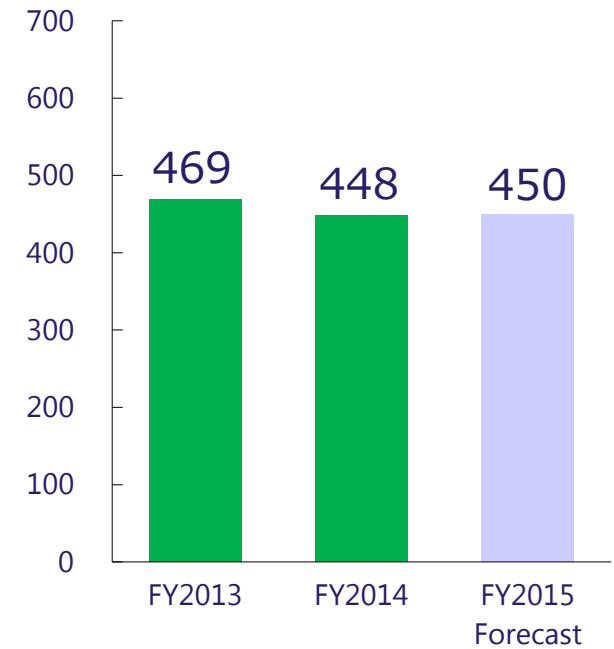
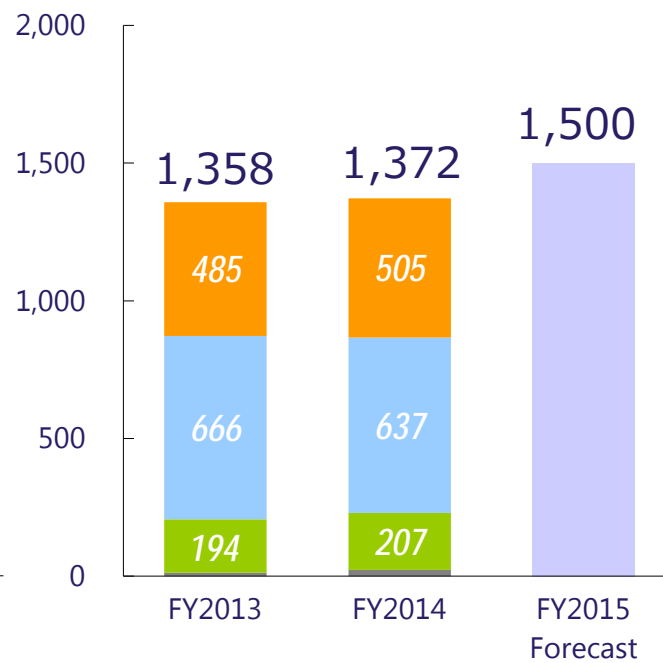
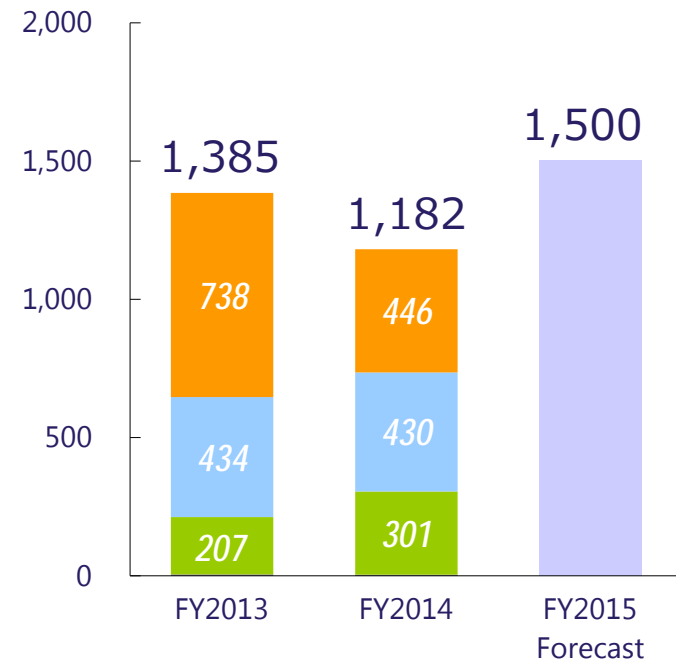
- Shipments of chlor-alkali products in Asia and shipments of fluorochemicals related products are expected to remain strong.

(100 million yen)

CAPEX

Depreciation

R&D

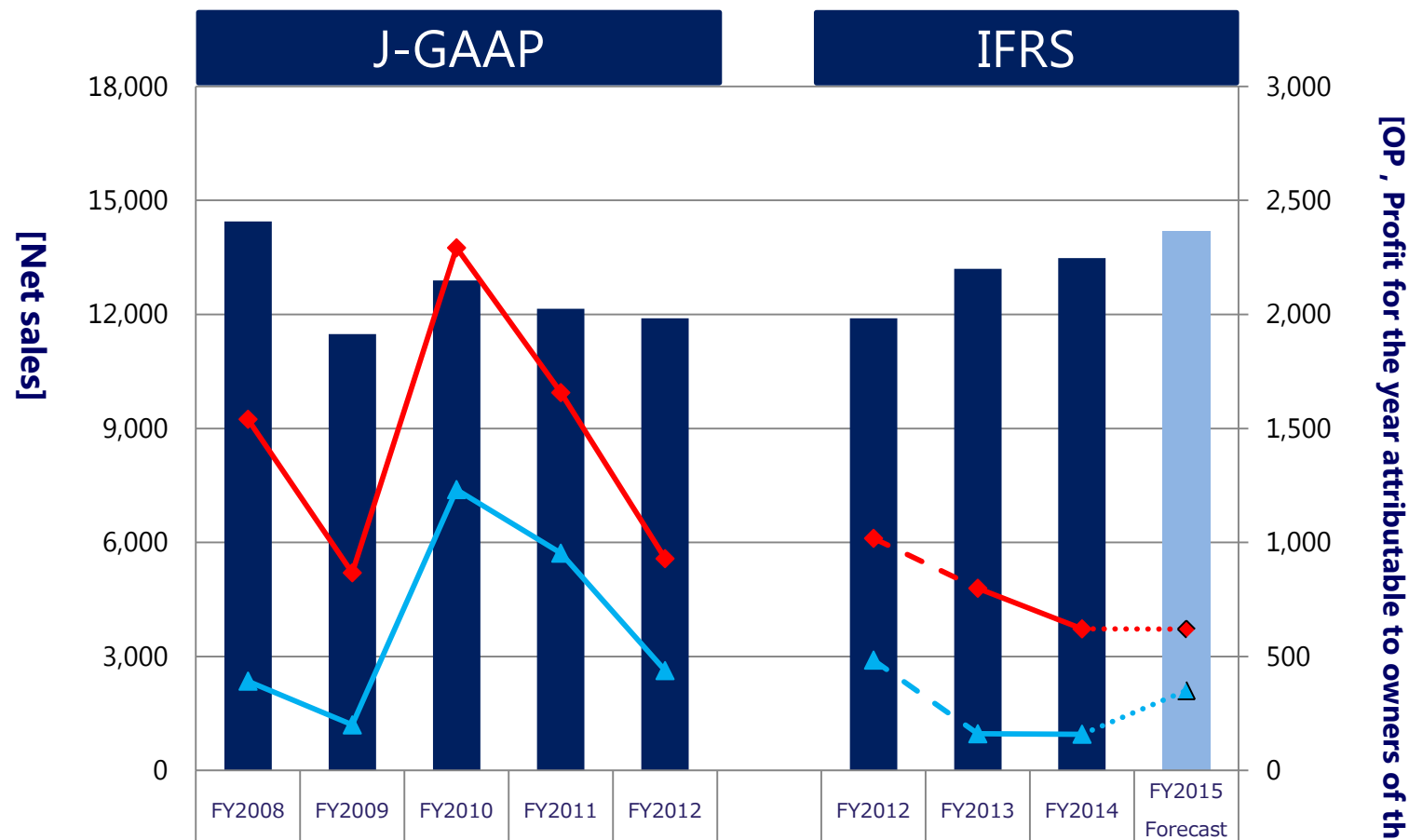


■ Glass
 ■ Electronics
 ■ Chemicals
 ■ Ceramics / Other

Appendix

Changes in the Financial Results

(100 million yen)



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

* Net income in J-GAAP.

		J-GAAP						IFRS		
		07/12	08/12	09/12	10/12	11/12	12/12	12/12	13/12	14/12
Return on equity ^{*1}	%	7.5%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%
Return on assets ^{*2}	%	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 ^{*3}	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		FY2013	FY2014				FY2015	
			1Q	2Q	3Q	4Q		
JPY / USD	Average	97.65	102.78	102.16	103.92	114.54	105.85	120.0 ^{*4}
	At quarter end	105.39	102.92	101.36	109.45	120.55	120.55	
JPY / EUR	Average	129.68	140.79	140.07	137.76	143.07	140.42	140.0 ^{*4}
	At quarter end	145.05	141.65	138.31	138.87	146.54	146.54	

*4 Assumption for FY2015

Date	Summary
January 23	AGC to supply Honeywell with HFO-1234yf -new-generation automobile refrigerant
February 3	AGC to enhance production capacity of ultra-thin glass in Thailand
March 19	AGC develops AMOLEA™, a new refrigerant for air-conditioning systems with a low environmental impact of about one-sixth that of conventional products
April 24	2014 FIFA World Cup Brazil™ glass roof for player benches unveiled
May 26	AGC succeeds in rolling SPOOL™, a 0.05 mm-thick sheet glass
June 24	AGC awarded silver class CSR rating by RobecoSAM, the world's leading SRI rating company
June 27	Shutdown of a subsidiary's plant in Europe
July 1	AGC and Obeikan Glass plan to team up to produce and market solar control glass in the Middle East
July 23	AGC to revise prices of architectural glass products in Japan
August 27	AGC develops AFLIC™, specialty thin sheet glass for architectural use, by utilizing cover glass technologies for smartphones
September 3	AGC to enhance float glass production in Indonesia
December 30	Transfer of commercial fabrication glass business in the United States

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