

Financial Results for FY2017 Third Quarter

The logo for AGC, consisting of the letters 'AGC' in a bold, blue, sans-serif font. A small red square is positioned to the left of the letter 'C'.

AGC Asahi Glass

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Financial Results for the Nine Months ended September 30, FY2017

1. Highlights of the Financial Results

1-3QTotal

Net sales	1,064.0 billion yen	up 124.1 billion yen(13.2%) YoY
Operating profit	82.5 billion yen	up 20.3 billion yen(32.7%) YoY
Profit before tax	80.7 billion yen	up 33.5 billion yen(70.9%) YoY
Profit for the period attributable to owners of the parent	60.6 billion yen	up 27.7 billion yen(84.2%) YoY

✓the increased volume of shipments at each business section

✓the consolidation of the companies acquired in 2017

⇒Net sales and operating profit up

Consolidated Statements of Profit or Loss

AGC

	3Q			1-3QTotal			(100 million yen)
	FY2016	FY2017	Change	FY2016	FY2017	Change	
Net Sales	3,150	3,740	+590*	9,399	10,640	+1,241*	
Operating Profit	223	332	+109	622	825	+203	
other income/expenses	-105	-3		-129	-15		
Business Profit	118	329	+211	493	809	+316	
Financial income/cost	-13	-11		-21	-2		
Profit before tax	104	318	+214	472	807	+335	
income tax expenses	-29	-61		105	-127		
Profit for the period	75	257	+182	367	680	+313	
attributable to owners of the parent	59	231	+172	329	606	+277	
attributable to non-controlling interests	17	26		38	74		

Forex(Average)

JPY/USD

102.43

111.03

108.68

111.92

JPY/EUR

114.28

130.38

121.18

124.55

Crude Oil

 \$/BBL
(Dubai)

43.4

50.5

39.2

51.1

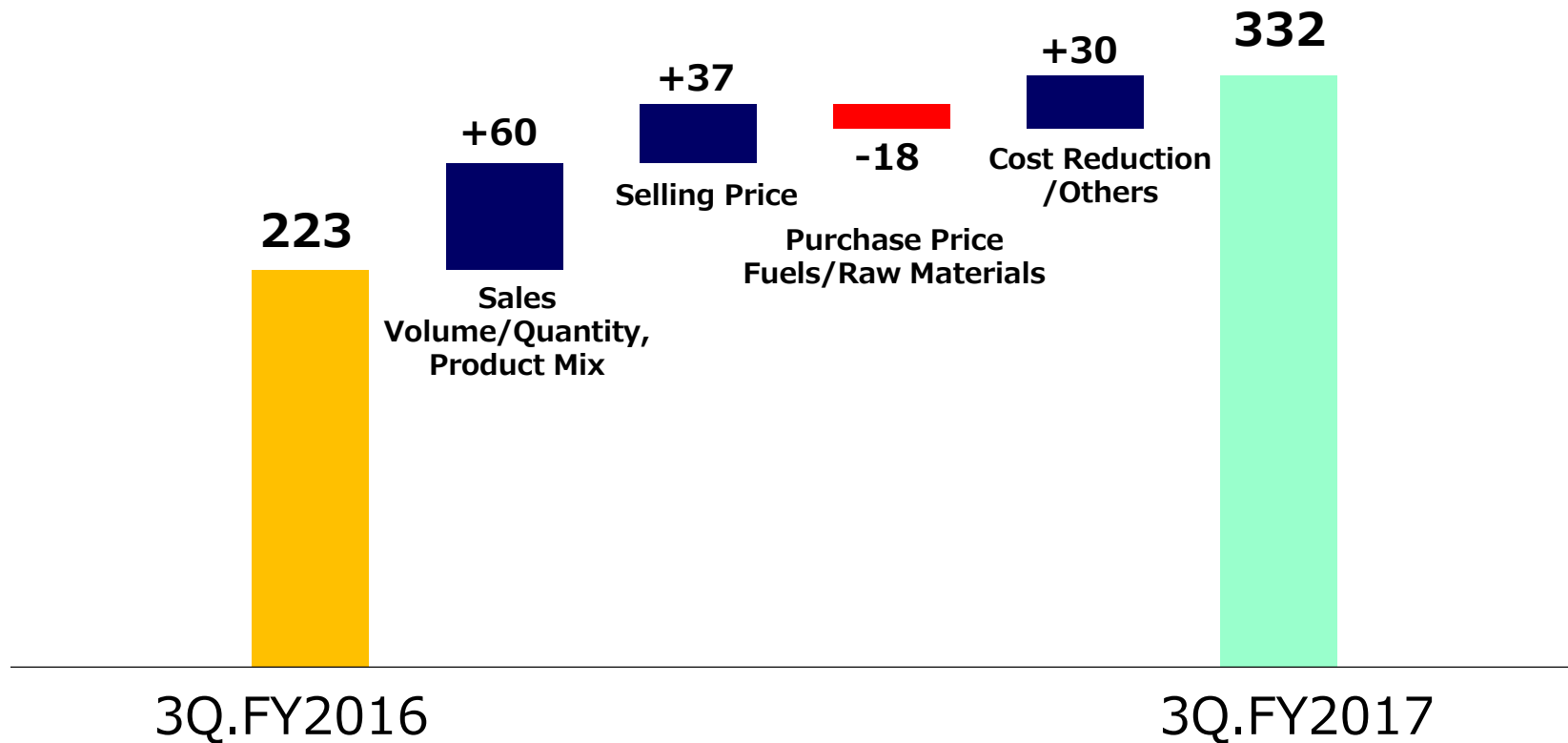
* Foreign exchange fluctuation resulted in +22.4 billion yen in Net Sales 3Q, and +19.0 billion yen in Net Sales 1-3Q total.

Variance Analysis on OP(3Q.FY2017 vs. 3Q.FY2016)

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¥ 10.9 bn up from same period last year

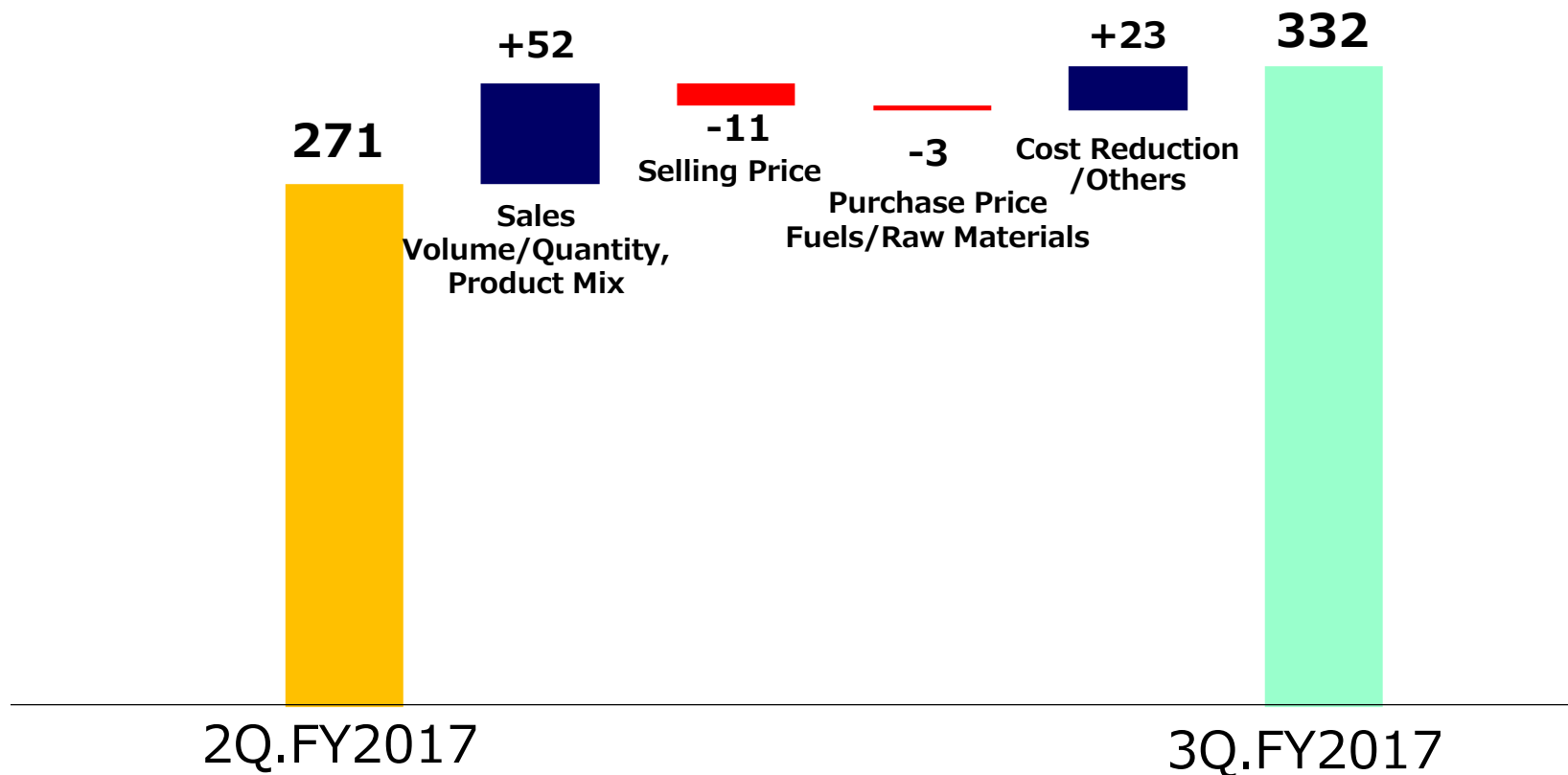
(100 million yen)



Variance Analysis on OP(3Q.FY2017 vs. 2Q.FY2017)

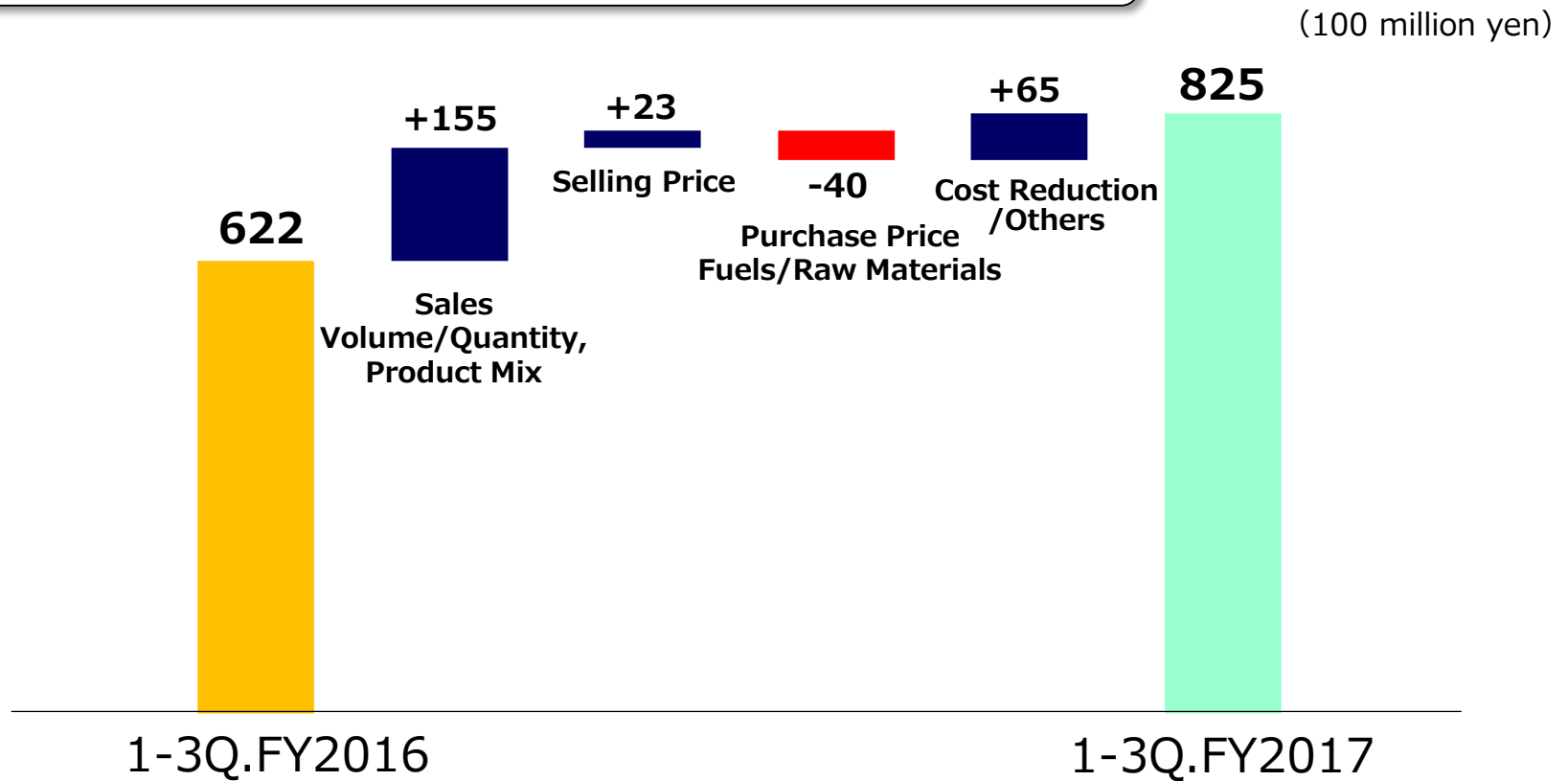
¥ 6.1 bn up from last quarter

(100 million yen)



Variance Analysis on OP (1-3Q.FY2017 vs. 1-3Q.FY2016) AGC

¥20.3 bn. up from the same period last year



Consolidated Statement of Financial Position

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	2016/12	2017/9	Change (100 million yen)
Cash and cash equivalents	1,473	1,035	-438
Inventories	2,273	2,549	+276
Property, plant and equipment, Goodwill and Intangible assets	10,001	11,359	+1,358
Other assets	6,067	6,354	+287
Total assets	19,815	21,297	+1,482*
Interest-bearing debt	4,340	4,628	+288
Other liabilities	3,787	4,176	+389
Liabilities	8,127	8,804	+677
Total equity attributable to owners of the parent	10,954	11,490	+535
Non-controlling interests	733	1,004	+271
Equity	11,687	12,493	+806
Total liabilities and equity	19,815	21,297	+1,482*
D/E ratio	0.37	0.37	

* +34.7 billion yen due to foreign exchange fluctuation

Consolidated Statement of Cash Flow

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	3Q		1-3Q Total (100 million yen)	
	FY2016	FY2017	FY2016	FY2017
Profit before tax	104	318	472	807
Depreciation and amortization expense	293	332	911	958
Increase(decrease) in working capital	3	-127	35	-267
Others	-46	-119	-66	-198
Cash flows from operating activities	355	404	1,352	1,301
Cash flows from investing activities	-257	-341	-795	-1,564
Free cash flow	97	64	557	-263
Changes in interest-bearing debt	30	91	-63	161
Dividends paid	-104	-115	-208	-219
Others	-3	-3	-16	-129
Cash flows from financing activities	-78	-27	-288	-187
Effect of exchange rate changes on cash and cash equivalents	-2	17	-43	12
Net increase(decrease) in cash and cash equivalents	18	54	227	-438

(100 million yen)

	3Q		1-3Q Total	
	FY2016	FY2017	FY2016	FY2017
CAPEX	235	355	879	1,017
Depreciation	293	332	911	958
R&D	98	110	290	316

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2. Information by Business and Geographic Segments

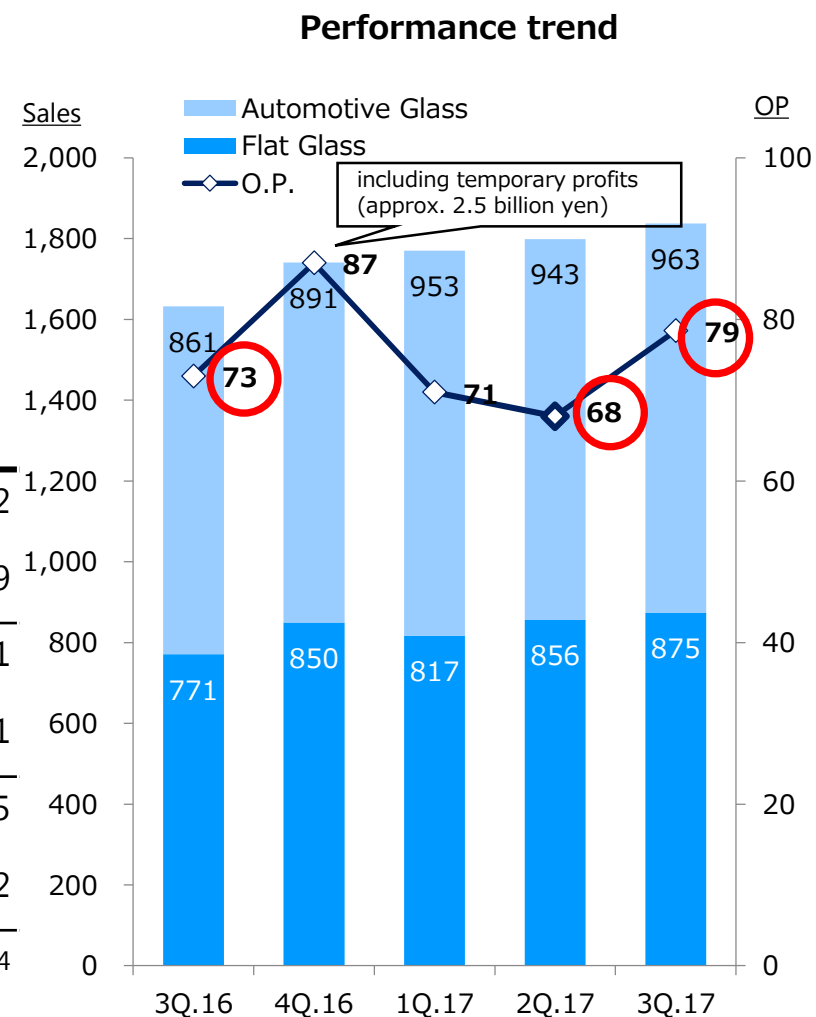
Glass Segment (1)

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(100 million yen)

	3Q			1-3Q Total		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net Sales	1,635	1,837	+202	5,066	5,408	+342
Operating profit	73	79	+5	232	218	-13

Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	3Q	1,837	800	331	749	-42
	1-3Q Total	5,408	2,330	959	2,237	-119
Flat glass	3Q	875	301	146	459	-31
	1-3Q Total	2,547	883	402	1,354	-91
Automotive glass	3Q	963	503	185	290	-15
	1-3Q Total	2,859	1,451	557	884	-32
Adjustment inside segment	3Q	-1	-5	0	0	4
	1-3Q Total	2	-4	0	0	5



- **Despite increase in shipments and rise in selling prices for architectural glass in Europe, OP decreased YoY(1-3Q) owing to a surge of raw materials and fuel prices and increased allocation of common expenses such as of Corporate division**

【YoY comparison for the first nine months】

[Architectural Glass]

- North America : Shipments remained favorable.
- Europe : Selling prices increased.

[Automotive Glass]

- The AGC Group's shipments increased as overall auto production remained favorable.

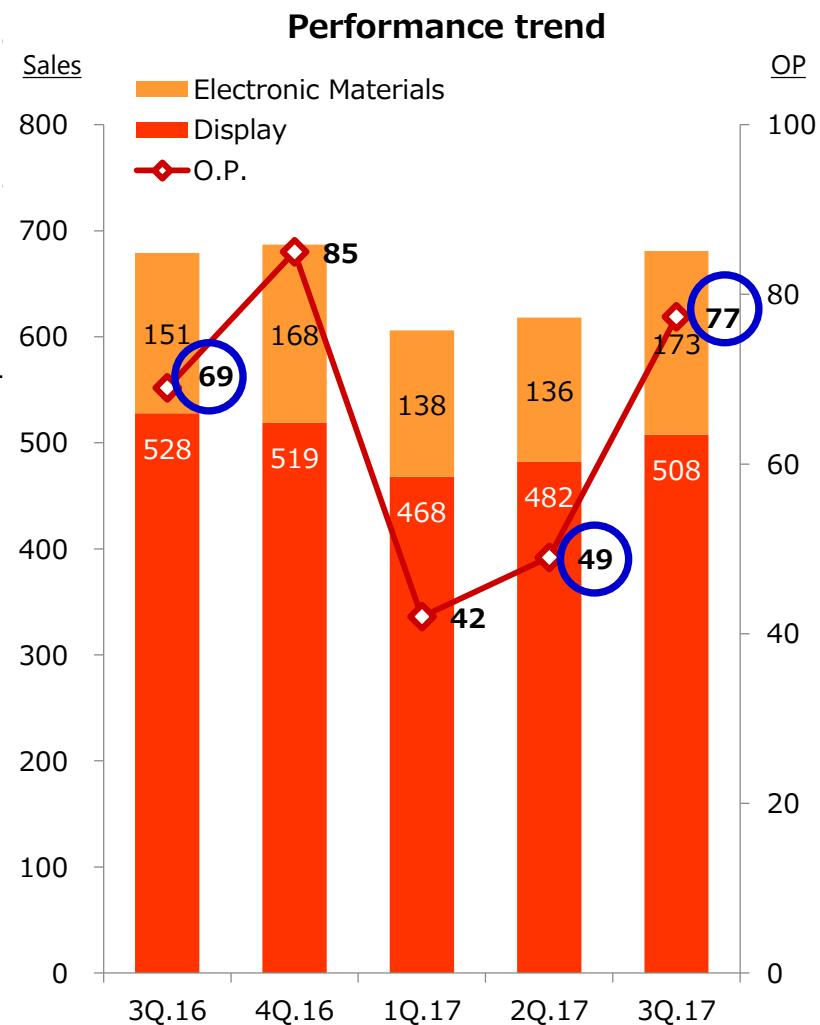
Electronics Segment (1)

(100 million yen)

	3Q			1-3Q Total		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	678	681	+3	1,894	1,905	+11
Operating profit	69	77	+9	165	168	+3

Breakdown of sales

Display	3Q	508
	1-3Q Total	1,458
Electronic Materials	3Q	173
	1-3Q Total	448



- **OP increased YoY (1-3Q) despite the impact of the temporary profits (approx. 2 billion yen) incurred during last 2Q and foreign exchange gap**

【YoY comparison for the first nine months】

[Display]

- LCD glass substrates: Selling prices decreased but shipments increased.
- Specialty glass for display applications: Shipments decreased.
- Cover glass for car-mounted displays: Shipments continued to expand.

[Electronic Materials]

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

Chemicals Segment (1)

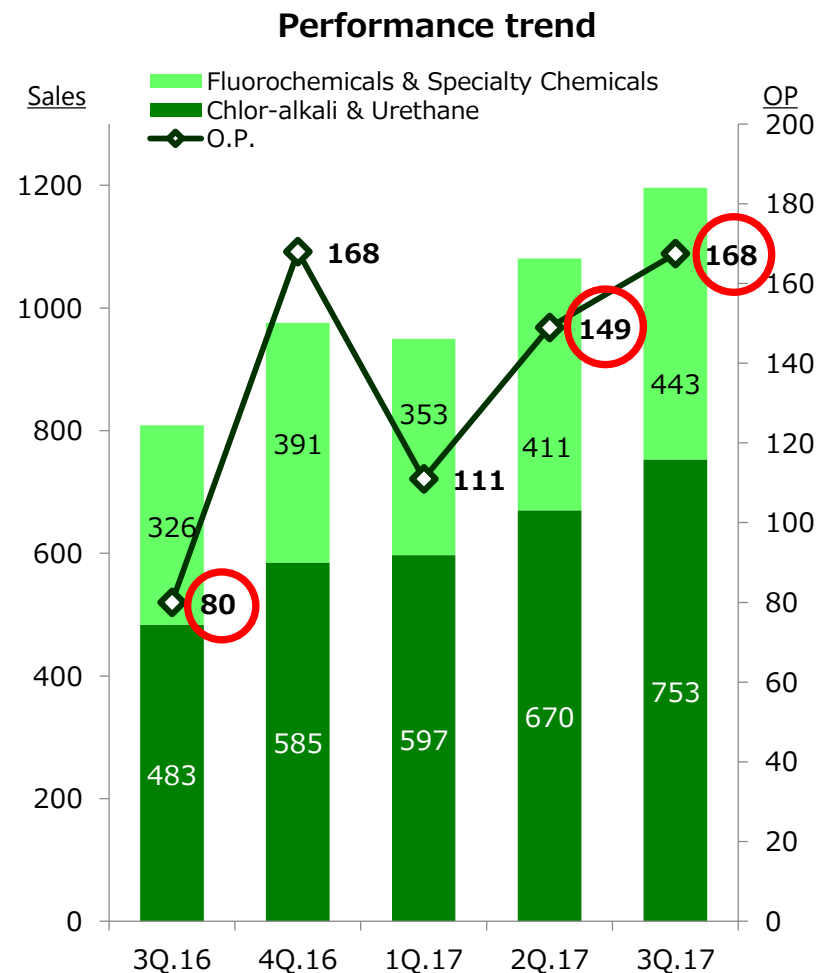
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(100 million yen)

	3Q			1-3Q Total		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	770	1,157	+387	2,242	3,124	+882
Operating profit	80	168	+88	232	427	+195

Breakdown of sales

Chlor-alkali & Urethane	3Q	753
	1-3Q Total	2,020
Fluorochemicals & Specialty Chemicals	3Q	443
	1-3Q Total	1,207
Elimination	3Q	-39
	1-3Q Total	-104



* The figures are different from the results for the previous fiscal year disclosed previously because net sales for 2016 have been adjusted to reflect the reorganization.

- **OP increased YoY (1-3Q) significantly**
- **Posting the amortization of intangible fixed assets of CMC Biologics (for a 8 month-period, totaling over 1.0 billion yen)**

【YoY comparison for the first nine months】

〔Chlor-alkali & Urethane〕

- Shipments increased thanks to the demand increase in Indonesia.
- (From March 2017) Consolidated Vinythai that AGC acquired.

〔Fluorochemicals & Specialty Chemicals〕

- (From February, 2017) Consolidated CMC Biologics that AGC acquired.
- Shipments of existing chemical products increased.

YoY Performance Comparison by Business Segment

	3Q			1-3Q Total (100 million yen)		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	3,150	3,740	+590	9,399	10,640	+1,241
Glass	1,635	1,837	+202	5,066	5,408	+342
Electronics	678	681	+3	1,894	1,905	+11
Chemicals	770	1,157	+387	2,242	3,124	+882
Ceramics/Other	166	187	+22	515	525	+10
Elimination	-100	-123	-23	-318	-322	-3
Operation profit	223	332	+109	622	825	+203
Glass	73	79	+5	232	218	-13
Electronics	69	77	+9	165	168	+3
Chemicals	80	168	+88	232	427	+195
Ceramics/Other	1	8	+7	-5	9	+14
Elimination	-1	0	+1	-2	1	+3

Quarterly Performance Comparison by Business Segment

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(100 million yen)

	2Q. FY2017	3Q. FY2017	Change	Change %
Net sales	3,546	3,740	+193	+5.4%
Glass	1,800	1,837	+37	+2.1%
Electronics	618	681	+63	+10.2%
Chemicals	1,050	1,157	+107	+10.2%
Ceramics/Other	186	187	+1	+0.6%
Elimination	-108	-123	-15	-
Operating profit	271	332	+61	+22.5%
Glass	68	79	+10	+15.1%
Electronics	49	77	+28	+56.4%
Chemicals	149	168	+19	+12.5%
Ceramics/Other	4	8	+4	+87.0%
Elimination	0	0	0	-

YoY Performance Comparison by Geographic Segment

(100 million yen)

	3Q			1-3Q Total		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	3,150	3,740	+590	9,399	10,640	+1,241
Japan & Asia	2,211	2,594	+383	6,369	7,278	+909
Americas	351	440	+89	1,105	1,251	+146
Europe	672	835	+163	2,195	2,465	+270
Elimination	-85	-130	-45	-269	-354	-85
Operating profit	223	332	+109	622	825	+203
Japan & Asia	277	381	+104	729	945	+216
Americas	8	11	+3	26	33	+8
Europe	17	29	+11	77	91	+13
Elimination	-3	-1	+2	3	3	0
Cross-regional common expenses	-76	-88	-12	-213	-248	-34

Quarterly Performance Comparison by Geographic Segment

(100 million yen)

	2Q. FY2017	3Q. FY2017	Change	Change%
Net sales	3,546	3,740	+193	+5.4%
Japan & Asia	2,409	2,594	+185	+7.7%
Americas	411	440	+29	+7.1%
Europe	844	835	-9	-1.0%
Elimination	-117	-130	-13	-
Operating profit	271	332	+193	+22.5%
Japan & Asia	294	381	+87	+29.6%
Americas	15	11	-4	-27.0%
Europe	41	29	-12	-28.9%
Elimination	0	-1	-1	-
Cross-regional common expenses	-79	-88	-9	-

The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1-3Q.FY2016)

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(100 million yen)

Net sales	Consolidated total*	Glass	Electronics	Chemicals
1-3Q. FY2017	10,640	5,408	1,905	3,124
Change vs. 1-3Q. FY2016	+1,241	+342	+11	+882
Change vs. 1-3Q. FY2016, excluding impacts below	+525	+211	-16	+325
Impact of FOREX	+190	+123	+27	-38
Impact of Change in the Scope of Consolidation	+526	+7	-	+519

* 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 FY2017

Net sales	1,450.0 billion yen (up 167.4 billion yen YoY)
Operating profit	115.0 billion yen (up 18.7 billion yen YoY)
Profit before tax	103.0 billion yen (up 35.4 billion yen YoY)
Profit for the year attributable for the owners of the parent	64.0 billion yen (up 16.6 billion yen YoY)

- Decided to conduct a 15 billion-yen share repurchase as a part of shareholder return measures.

FY2017 Forecast (2)

AGC

		FY2016	FY2017 Forecast	Change	(100 million yen) Change%
Net sales		12,826	14,500	+1,674	+13.1%
Operating profit		963	1,150	+187	+19.4%
Profit before tax		676	1,030	+354	+52.4%
Profit for the year attributable to owners of the parent		474	640	+166	+34.9%
Dividend (yen/share)*1		90	100		
Operating profit margin		7.5%	7.9%		
ROE		4.3%	5.6% *2		
Forex (Average)	JPY/USD	108.84	110.0		
	JPY/EUR	120.33	125.0		
Crude oil	\$/BBL(Dubai)	41.5	52.1 *3		

*1 Dividend(yen/share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

*2 ROE of FY2017 Forecast is calculated by using the Total equity attributable to owners of the parent as of Sep. 30, 2017.

*3 Crude oil rate for FY2017 second half is 55.0 \$/BBL(Dubai).

[Glass]

- Architectural Glass

Western Europe : Tight demand-&-supply situation continues.

Japan & Asia : Shipments remain favorable.

Americas : Shipments are expected to remain at the high level.

- Automotive Glass

Thanks to the recovery of emerging country, overall auto production remained favorable despite the slowdown of auto production in North America.

⇒Expected to maintain the profit level at the same level as 3 Q

[Electronics]

- Display: Shipments of LCD glass substrates are expected to remain the same level or slightly decrease.
- Electronics Materials: Shipments of optoelectronics materials are expected to increase. Semiconductor-related products remained favorable.

⇒ Aiming Operating Profit to increase up YoY

[Chemicals]

- Chlor-Alkali & Urethane:

 - Strong shipments will continue.

 - Prices of PVC and caustic soda will remain high.

- Fluorochemicals/specialty chemicals:

 - Shipments will remain at a high level.

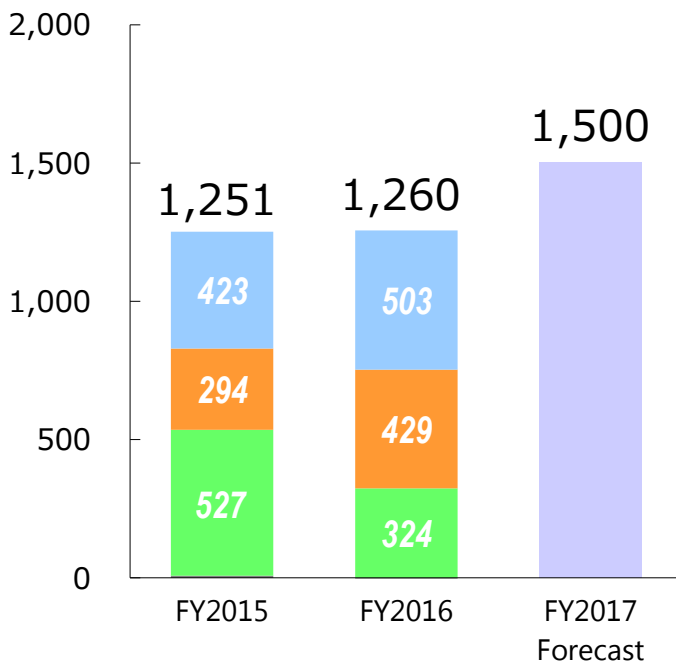
⇒Operating Profit is expected to increase slightly compared to 3Q

CAPEX / Depreciation / R&D

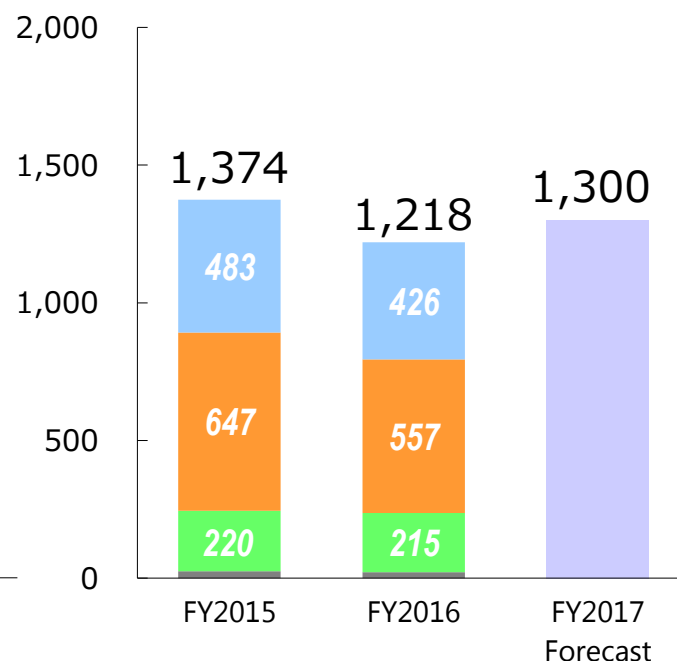
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(100 million yen)

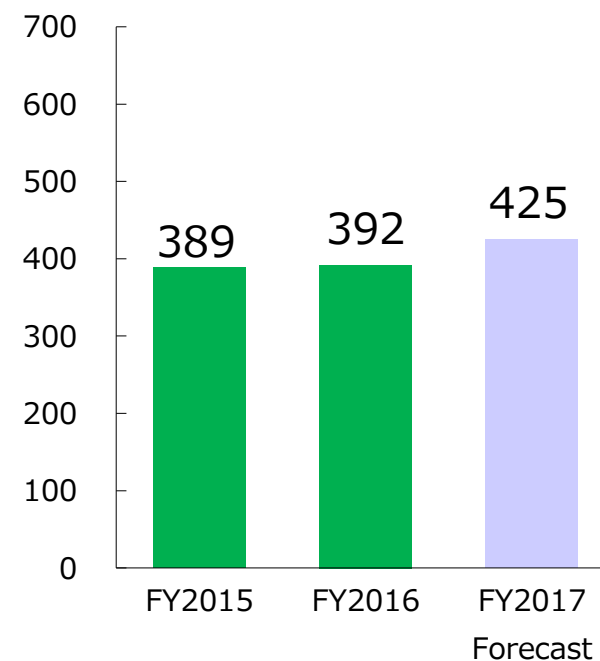
CAPEX



Depreciation



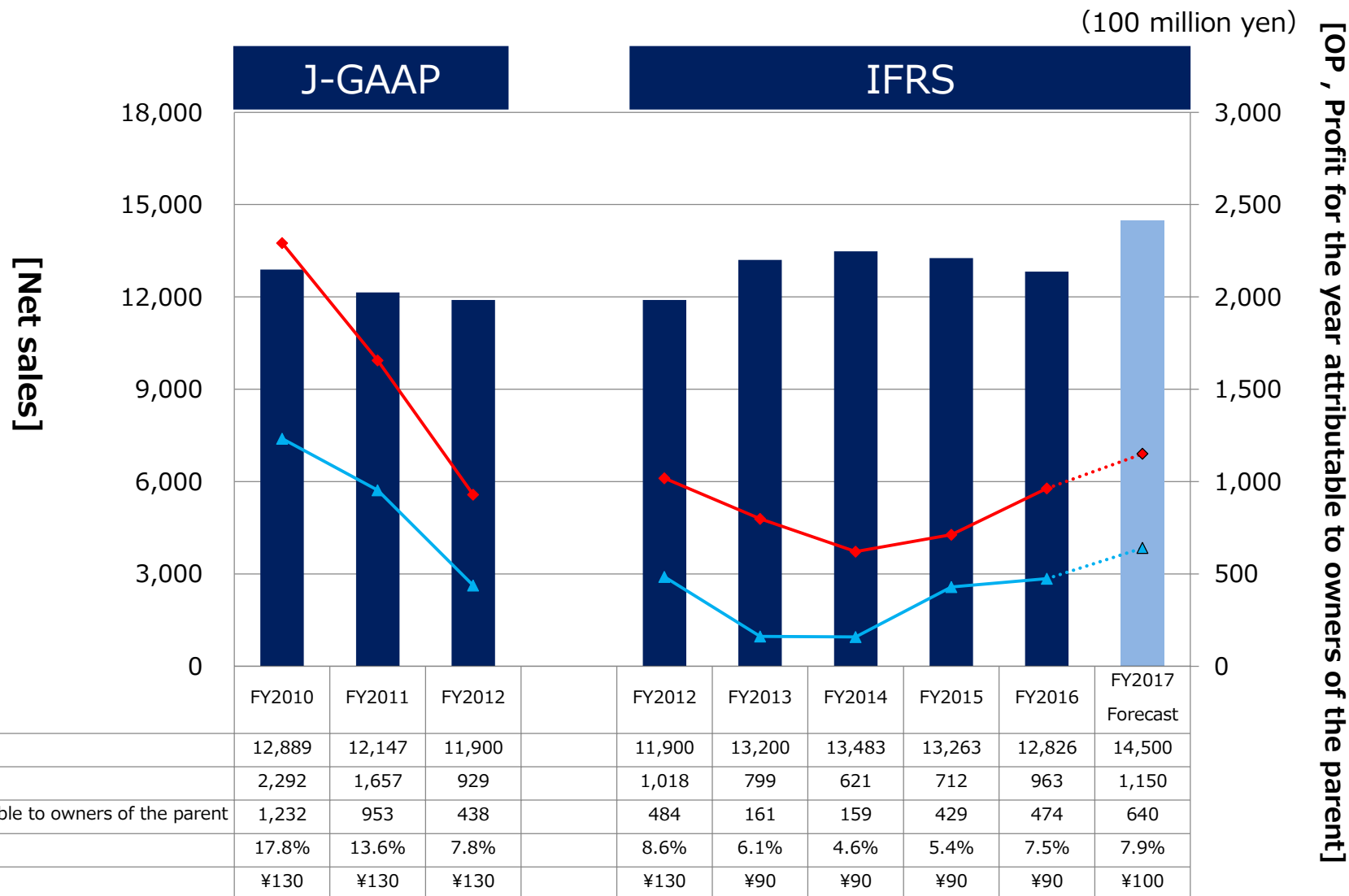
R&D



■ Glass ■ Electronics ■ Chemicals ■ Ceramics / Other

Appendix

Changes in the Financial Results



(※) Dividend (per share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

Financial index

		J-GAAP					IFRS				
		08/12	09/12	10/12	11/12	12/12	12/12	13/12	14/12	15/12	16/12
Return on equity ^{*1}	%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%	3.9%	4.3%
Return on assets ^{*2}	%	7.8%	4.8%	12.9%	9.6%	5.2%	5.6%	4.0%	3.0%	3.5%	4.9%
Equity ratio	%	40%	42%	46%	48%	50%	47%	51%	54%	55%	55%
Debt/Equity ratio	times	0.77	0.74	0.60	0.57	0.54	0.56	0.50	0.42	0.40	0.37
CF from Operating Activities/Interest-bearing debt	times	0.34	0.30	0.56	0.31	0.31	0.32	0.29	0.27	0.40	0.47
Earnings (per share) ^{*3}	Yen	167.65	85.60	527.60	409.50	189.40	209.51	69.85	68.85	185.60	205.15
EBITDA ^{*4}	100 million yen	2,199	1,873	3,084	2,594	1,928	2,000	1,866	1,859	2,284	1,910

*1 [J-GAAP] Return on equity = Net Income / (Shareholders' Equity (average) + Accumulated other comprehensive income (average))
 【 I F R S 】 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 (per share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

*4 Earnings before interest, tax, depreciation and amortization(EBITDA) = Profit before tax + Depreciation + Interest expenses

Exchange rates		FY2016					FY2017			
		1Q	2Q	3Q	4Q	1-4Q	1Q	2Q	3Q	1-4Q
JPY / USD	Average	115.48	108.14	102.43	109.30	108.84	113.64	111.09	111.03	110.0
	At quarter end	112.68	102.91	101.12	116.49	116.49	112.19	112.00	112.73	
JPY / EUR	Average	127.23	122.02	114.28	117.78	120.33	121.08	122.19	130.38	125.0
	At quarter end	127.70	114.39	113.36	122.70	122.70	119.79	127.97	132.85	

Major Press Release in FY2017 (1)

Date	Summary
January 17	AGC Unveils Innovative Glass Substrates for Semiconductor Packaging
February 1	AGC Asahi Glass to Establish New R&D System for seamless research and open collaboration
February 2	AGC Asahi Glass to Exhibit at Milan Design Week 2017, One of the World's Largest Design Festivals
February 7	Announcement regarding Share Repurchases
February 23	AGC Completes Acquisition of Vinythai PCL
March 6	AGC Launches Global Sales of SURECO™, a High-Performance Fluorinated Coating
May 1	AGC Asahi Glass WONDERLITE™ Adopted for Luxury Train, "Train Suite Shiki-shima"
May 12	AGC to Enhance Architectural Glass Production in Indonesia
May 23	AGC Begins Mass Production of 3D Curved Cover Glass for Car-Mounted Displays for the First Time in the World* * As of May 23, 2017, based on AGC research
June 19	Railway Glass Made by AGC Asahi Glass Adopted for New Sleeper Train - "Twilight Express Mizukaze"
June 20	AGC Asahi Glass to Sell Stake in Architectural Glass Subsidiary in Philippines
July 6	AGC Asahi Glass Launches Mass Production of "XCV™" Glass Substrate for LGPs
August 1	Announcement regarding Corporate Name Change

Major Press Release in FY2017 (2)

AGC

Date	Summary
August 24	AGC to Build a Furnace in China for 11th Generation TFT-LCD Glass Substrates
September 14	AGC's Curved Cover Glass for Car-Mounted Displays Incorporated to the Mass Produced Vehicle for the First Time in the World
September 20	Renovated AGC Studio to Reopen as a Hub for AGC's Brand Promotion
September 25	AGC to Expand Production Capacity at Its Subsidiary CMC Biologics Copenhagen, Denmark Facility
October 3	Asahi Glass and Toyota Motor Corporation Co-develop "Ceiling-mounted Double Skin System," a New Energy-saving Glass Structure
October 4	AGC's Lacobel™ Plume™ Wins Good Design Award 2017
October 5	AGC Asahi Glass Holding "FEEL! GLASS" Exhibition to Celebrate its 110th Anniversary
October 19	AGC's Kiriko Glasswork Adopted in New Lexus LS Model
October 23	AMOLEA™ 1224yd, New Refrigerant with Lower Environmental Impact, Acquires International Certification

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AGC Asahi Glass

1-5-1, Marunouchi,
Chiyoda-ku, Tokyo 100-8405 JAPAN

inquiries:

Corporate Planning Division / Corporate Communications & IR Office

E-mail : investor-relations@agc.com

Tel : +81(0)3-3218-5096

Fax : +81(0)3-3201-5390

www.agc.com