

AGC *Review*

Newsletter for Shareholders
Vol. 31
Issued in September 2017

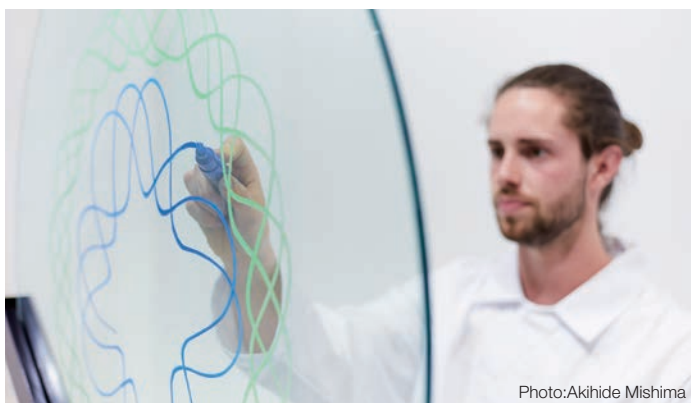


Photo:Akihide Mishima

Glass Spinner



Photo:Akihide Mishima

Exhibition in 2017



Photo:Akihide Mishima

Seesaw



Photo:Akihide Mishima

Exhibition in 2016



Photo:Akihide Mishima

Drum



Photo:Takehiko Niki

Exhibition in 2015

A look at exhibits from Milan Design Week 2015–2017



Takuya Shimamura, President and CEO

To Our Shareholders

Highlights of our performance for the first half of fiscal 2017

In the first half of fiscal 2017, we were successful in increasing net sales by 65 billion yen compared with the corresponding period of the previous year and lifting profits by 9.4 billion yen, owing to a boost in shipments in all business segments and the contribution of acquired companies to consolidated earnings.

Our interim dividend was 10 yen per share, in line with our forecast at the start of the fiscal year. We intend to maintain our full-year dividend of 50 yen* per share as forecast at the start of the fiscal year (*10 yen before considering the impact of a reverse stock split).

Confident of reaching the targets in the final year of the medium-term management plan

We have raised our full-year operating profit forecast to 115 billion yen from 105 billion yen, considering the business environment as well as the achievement of our operating profit target in the first half of the year. We now have even better visibility toward achieving our operating profit target of 100 billion yen or higher as set forth in the AGC Group's management policy **AGC plus**. That said, we consider this as just a milestone on the path ahead. As we aim toward becoming the kind of company we want to be in 2025, we will steadily implement strategic initiatives that will lead us to become a highly profitable, global manufacturer of superior materials.

Top Message



Looking back as we approach our 110th anniversary

AGC Asahi Glass will reach the 110th anniversary of its foundation on September 8 of this year. I would like to take this opportunity to thank our shareholders for their support over these many years.

Founded in 1907, the Company succeeded in the domestic production of sheet glass, a feat that was considered challenging in those days. During World War I, imports became difficult and the Company started the production of fire-resistant bricks for building glass-melting furnaces and soda ash, a raw material for sheet glass on its own.

Since its foundation, the AGC Group has leveraged its long-established technological innovation and applied its strengths in world-class technologies to provide unique materials and solutions based on wide-ranging material and production technologies in its business domains of glass, electronics, chemicals, and ceramics. Going forward, we aim to continue to foster long-term relationships built on trust and remain the company our customers call on first. We will also strive to continue providing products that customers and society cannot do without and to support the lifestyles of people around the world all the time.

Change in corporate name

In 2002, in line with the start of unified management as a global group, our group name was changed from Asahi Glass Group to AGC Group. In 2007, the group brand was unified under the AGC brand as part of the Company's 100th anniversary, and all consolidated companies, both in Japan and overseas in principle, started using AGC in their corporate names. As we reach our 110th anniversary, and with the approval of the Board of Directors, we decided to change the corporate name of our core company in the AGC Group from Asahi Glass Company, Limited, to AGC Inc. This change will further enhance the integrated

management framework for the AGC Group on a global scale. We ask shareholders to deliberate on the corporate name change at the Ordinary General Meeting of Shareholders scheduled for the latter half of March 2018. We kindly request the understanding of our shareholders in supporting this change.

Going forward, as we embark on our next 100 years, executives and employees alike will do their utmost to continue supplying unique materials and solutions and to grow "AGC" into a global brand trusted by stakeholders around the world.

Highlights of the Group's Financial Results

Key Points for the First Half of Fiscal 2017

Net sales

Net sales rose thanks to an increase in product shipments in each business unit and the inclusion of sales of acquired companies.

Operating profit

The Chemicals segment enjoyed substantial growth and delivered higher profits.

Profit for the year attributable to owners of the parent

Profits rose on higher operating profit.

Net sales

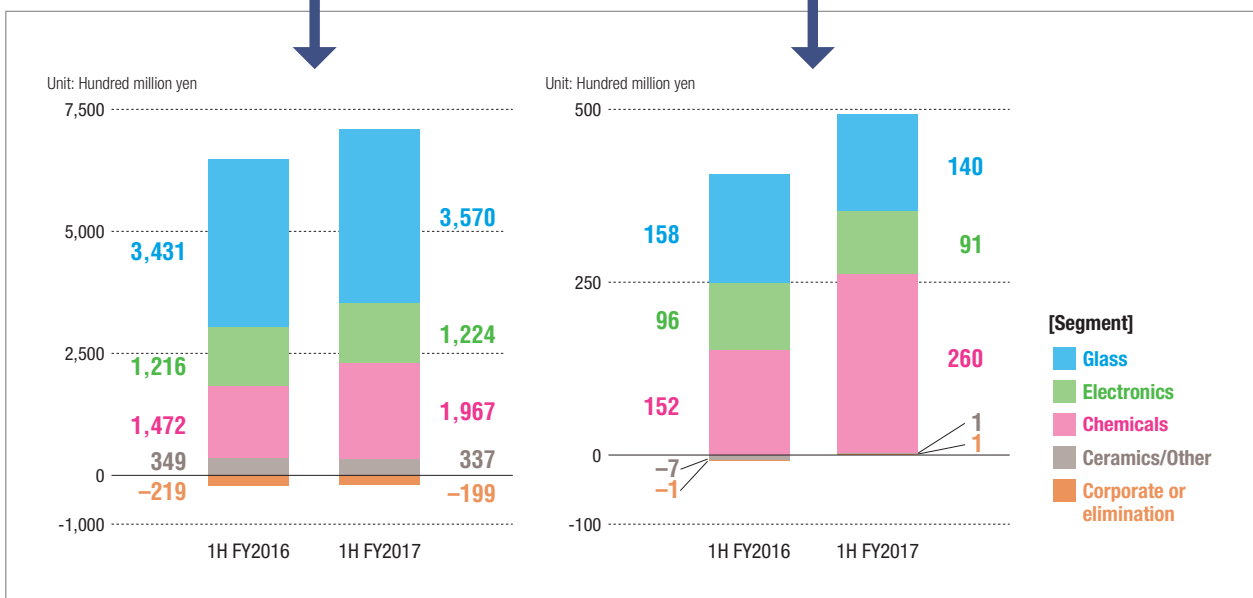
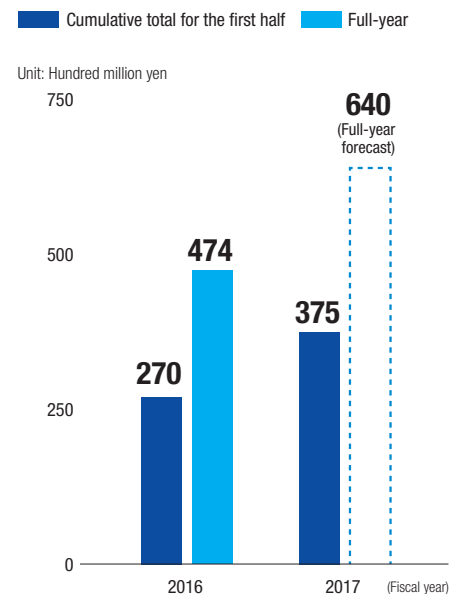
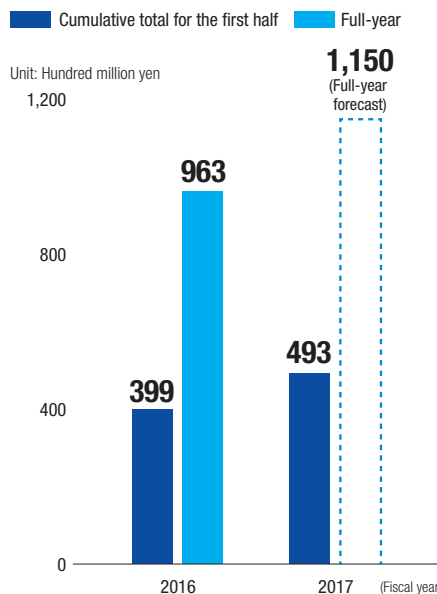
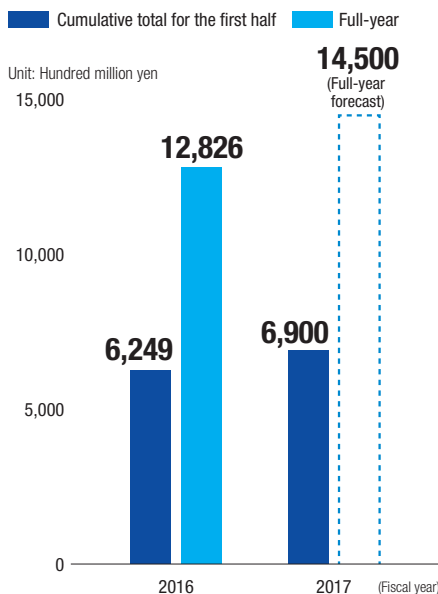
6,900 hundred million yen
(up 10.4% year-on-year)

Operating profit

493 hundred million yen
(up 23.6% year-on-year)

Profit for the year attributable to owners of the parent

375 hundred million yen
(up 38.9% year-on-year)



WONDERLITE™ adopted in luxury sleeper train, “Train Suite Shiki-Shima”

AGC’s light control glass, WONDERLITE™, was adopted in JR East’s luxury sleeper train called Train Suite Shiki-Shima (“Shiki-Shima”), which began service on May 1, 2017.

Shiki-Shima is JR East’s luxury sleeper train created under the concept of “enjoying changes in time and space.” The train has been designed with individual themes for each car, and a variety of types of glass are used in its windows and internal furnishings. Of particular note is the front carriage, which features a special area for viewing Japan’s four seasons, and has been outfitted with WONDERLITE™ light control glass. This glass makes it possible to adjust passing sunlight simply with a switch, thus allowing passengers to comfortably enjoy the panoramic views unfolding before them during the daytime.



Photo courtesy of JR East

The AGC Group has over 50 years of experience in safety glass including the glass used on Japan’s Shinkansen bullet trains and other railways. Under its **AGC plus** management policy, the AGC Group is committed to continuing to draw on its diverse materials and technologies to develop and offer new products that provide ‘safety,’ ‘security,’ and ‘comfort’ to its customers.

Exhibited at Milan Design Week for third consecutive year

Milan Design Week, one of the world’s largest design festivals, is held in Milan, Italy every April. We believe “design” will play an important role in further enhancing the potential of materials produced by AGC and in this connection we have exhibited at this event for three consecutive years since 2015.



Photo:Akihide Mishima

This year’s theme was “Touch.” AGC took on a new perspective of glass, viewing it in terms of its feel, rather than its conventional uses for partitioning, protecting, and decorating. By combining AGC’s glass processing technologies with the innovative ideas of creative partners, we created glass works and exhibited them at the event for visitors to touch and enjoy the feel of glass.

To commemorate our 110th anniversary, we will be holding an event that includes a recreation of exhibits from Milan Design Week for the past three years (shown on the right). We invite you to come and experience AGC’s glass art.

Dates November 18–26, 2017 (scheduled)
Venue Omotesando Hills Space 0 (admission free of charge)
 12-10 Jingumae 4-chome, Shibuya-ku, Tokyo

*Details will be provided via our website and Facebook page, etc.

Renewal of AGC website

AGC Asahi Glass underwent a major renewal of its website (www.agc.com/en) for the first time in nine years. It was completely redesigned to become the information portal for the AGC Group as a whole. As it has become more smartphone-friendly as well, please visit the new website.



Regarding Change in Number of Shares per Share Unit and Share Consolidation

Following approval at the 92nd Ordinary General Meeting of Shareholders held in March 2017, AGC Asahi Glass changed the number of shares per share unit and implemented a share consolidation on July 1, 2017.

With this share consolidation, the number of shares owned by shareholders was reduced to one-fifth, but since neither AGC Asahi Glass's assets nor capital changed before or after the share consolidation, the asset value per share increased by five-fold. Apart from trends in stock market conditions and other factors, in theory, the asset value of the shares owned by shareholders has not changed.

Change in number of shares per share unit

To change from 1,000 shares to 100 shares

Share consolidation

To consolidate five (5) shares into one (1) share

i.e.: a shareholder with 1,000 shares before the share consolidation takes effect

Number of shares owned	1,000 shares	From July 1	200 shares
Unit/number of voting rights	1 vote		2 votes

Q&A from Shareholders

Q We understand that a share consolidation was implemented, but what is its impact on dividends for fiscal 2017?

A A five-into-one share consolidation was implemented on July 1, 2017. As the effective date for the interim dividend for fiscal 2017 is June 30, 2017, which is before the share consolidation, the dividend is 10 yen per share. The year-end dividend is forecast at 50 yen per share based on the number of shares after the share consolidation (10 yen per share if the impact of the share consolidation is not considered).

Q The share consolidation will create fractional shares. How will they be handled?

A Fractional shares of less than one share that arise from the share consolidation will be purchased by the Company in a lump sum in accordance with the stipulations of the Companies Act. Payment to shareholders for which such fractional shares arose will be made in proportion to the fractional shares owned. The payment for fractional shares will be added to and paid with the 93rd interim dividend. We request you to confirm the payment in the "Statement of Calculation of Dividends and Income Distributions" enclosed within.

Corporate Outline

(as of June 30, 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:

213 (including 175 companies overseas)

State of Stock

(as of June 30, 2017)

Number of shares outstanding: 1,175,888,905*

Number of shareholders: 56,049

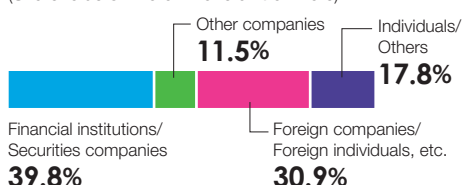
Shareholders who own shares of one unit or more: 45,857

*The Company consolidated its shares at a ratio of five shares to one share on the effective date of July 1, 2017. Accordingly, the Company's "number of authorized shares" and "number of shares outstanding" became 400,000,000 shares and 235,177,781 shares, respectively.

Shareholder Composition

(as of June 30, 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:

Mitsubishi UFJ Trust and Banking Corporation

Inquiries/Mailing address:

Securities Agency Division, 1-1

Nikkocho, Fuchu, Tokyo 137-8081

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

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

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
Name of 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.