

# Financial Results for FY2015

February 5, 2016

**AGC ASAHI GLASS**

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<b>■ Financial Results for FY2015</b>	<b>P.3</b>
<b>1. Highlights of the Financial Results</b>	<b>P.4</b>
<b>2. Information by Business &amp;         Geographic Segment</b>	<b>P.21</b>
<b>■ Outlook for FY2016</b>	<b>P.33</b>
<b>Appendix</b>	<b>P.39</b>

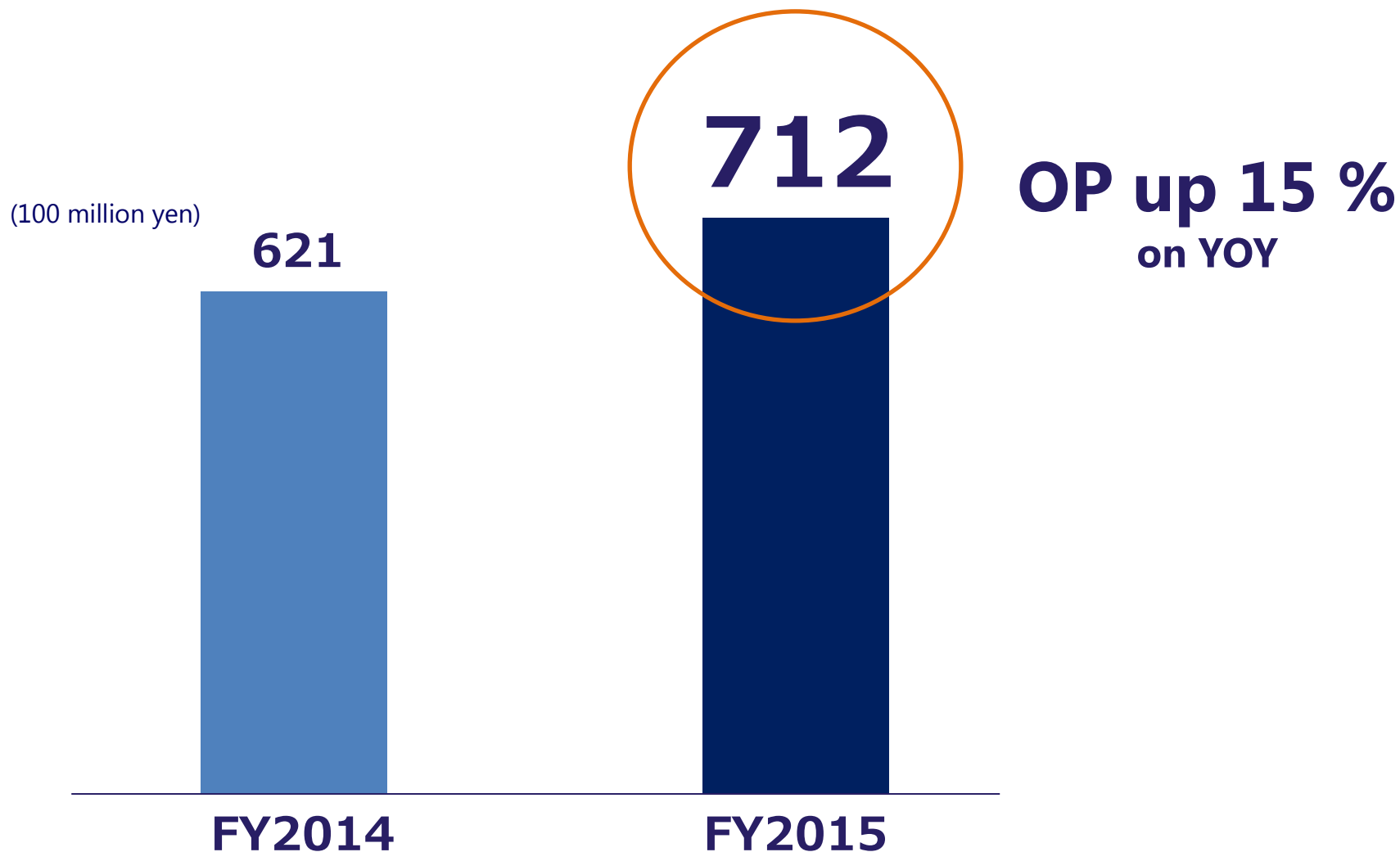
# Financial Results for FY2015

# 1. Highlights of the Financial Results

<b>Net sales</b>	<b>1,326.3 billion yen (down 22.0 billion yen YoY)</b>
<b>Operating profit</b>	<b>71.2 billion yen (up 9.0 billion yen YoY)</b>
<b>Profit for the year</b> attributable to owners of the parent	<b>42.9 billion yen (up 27.0 billion yen YoY)</b>

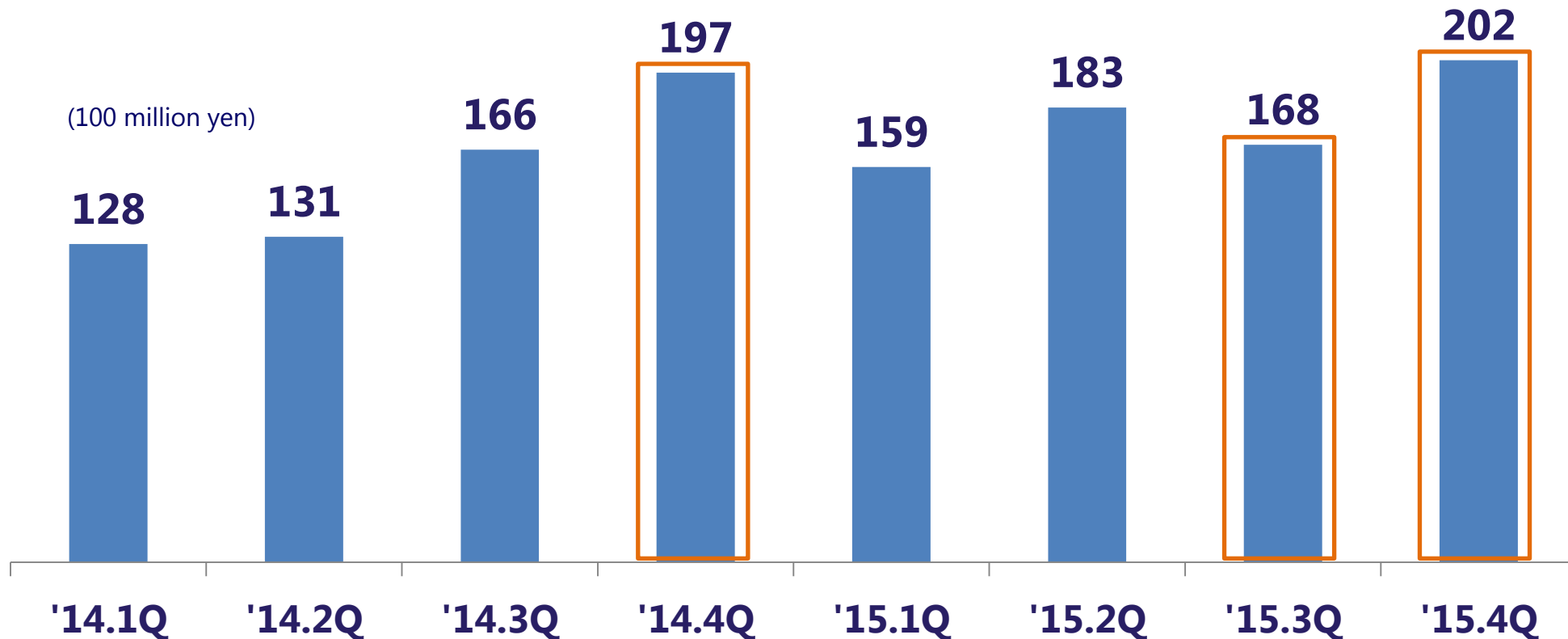
- ✓ **In spite of the weak yen and other positive aspects, net sales kept at the same level year on year due to lower sales in the display business**
- ✓ **OP up thanks to the effect of structural reforms of the architectural glass business and decline of raw materials and fuel prices**
- ✓ **Profit for the period attributed to owners of the parent up due to the posting of “Income from revision of the defined benefit corporate pension plan”**

## [Operating profit of Fiscal Year]



## [Fourth Quarter Operating profit]

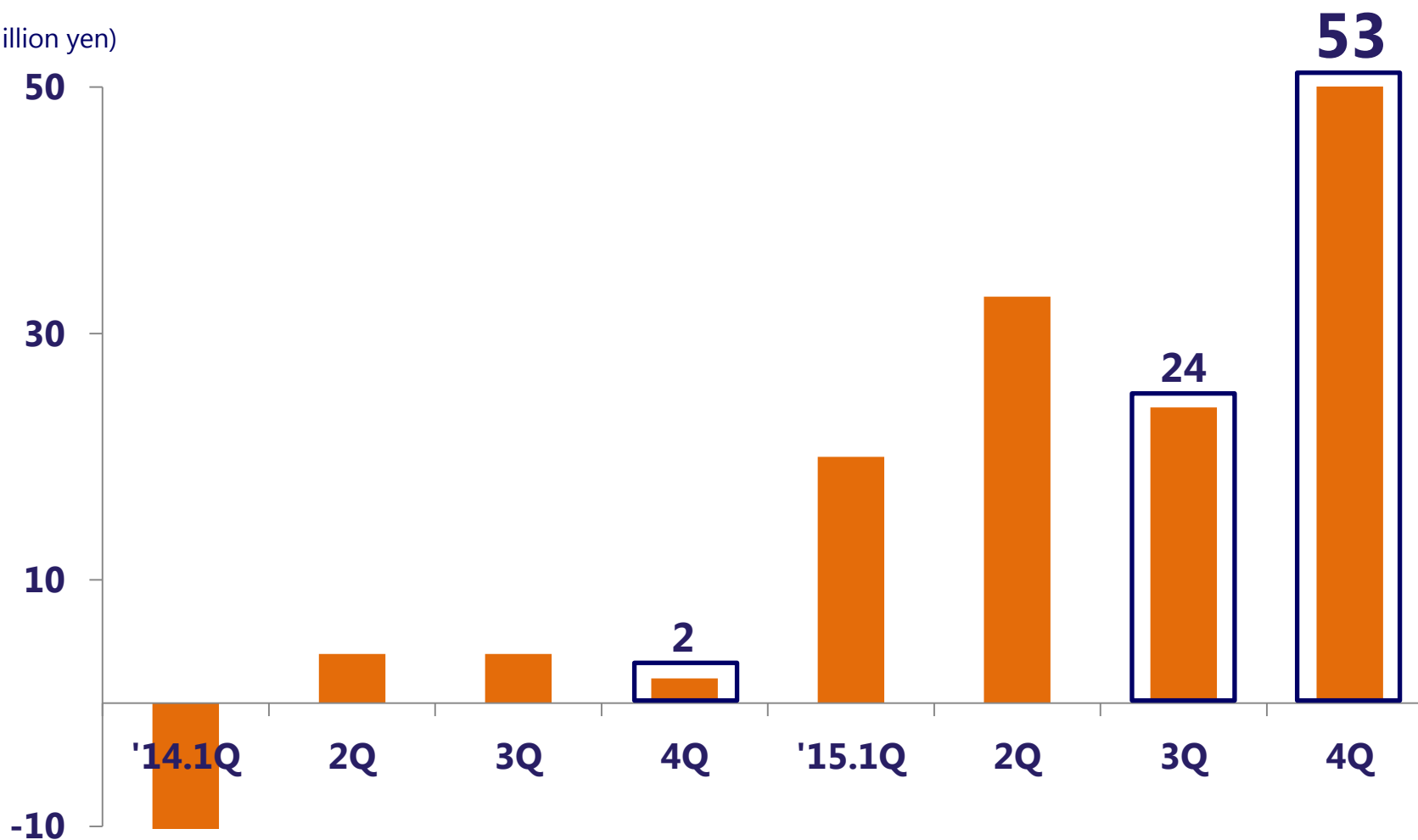
- ◆ Achieved OP up YoY and QoQ
- ◆ Posting Loss of Oil hedge but the loss was smaller than 3Q



## [Operating profit trend: Glass]

◆ Achieved OP up YoY and QoQ due to the high demand season

(100 million yen)

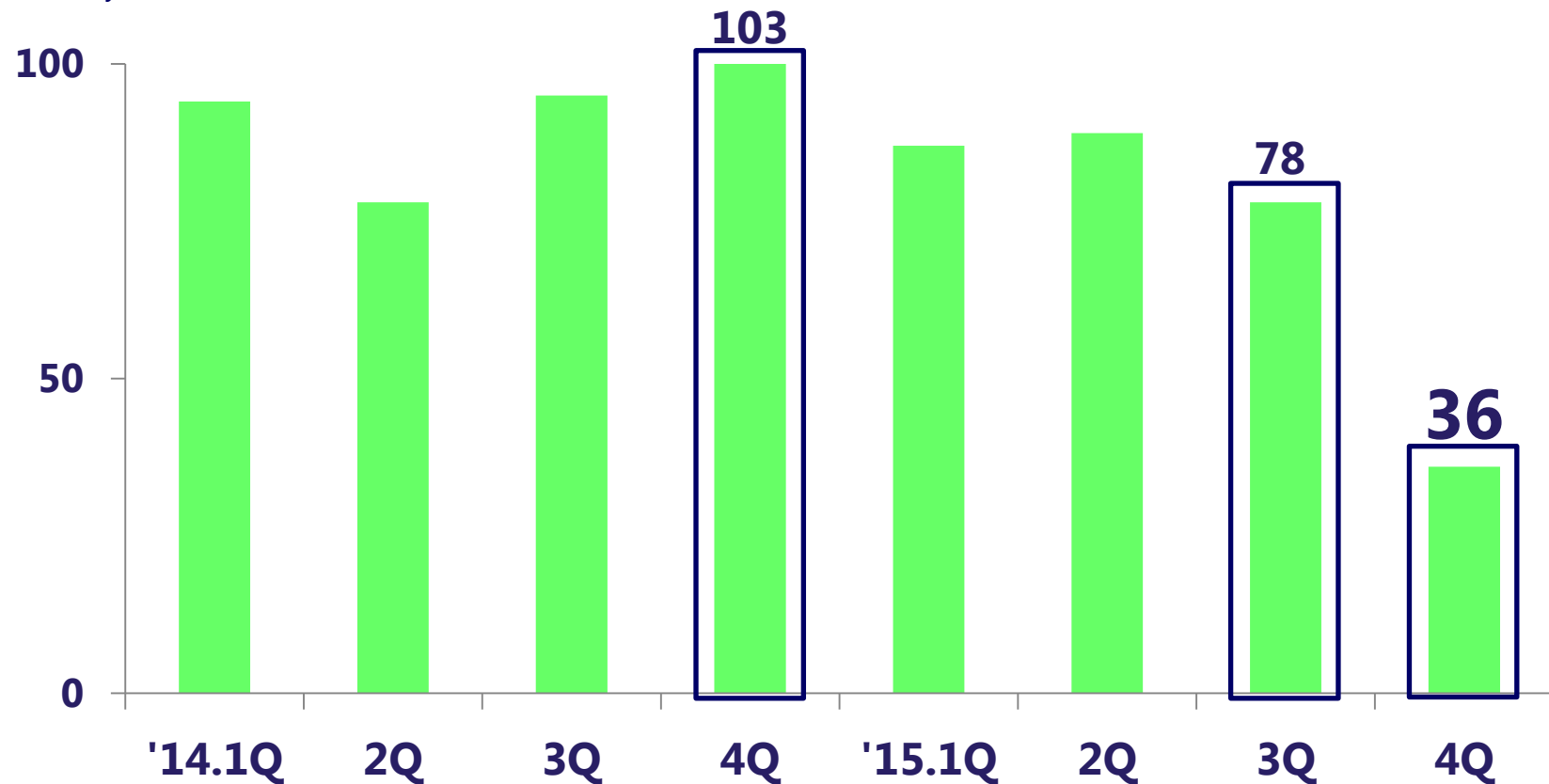




## [Operating profit trend: Electronics]

◆ OP down QoQ and YoY due to the decrease in shipments of LCD glass, glass for solar power system and electronics materials etc.

(100 million yen)

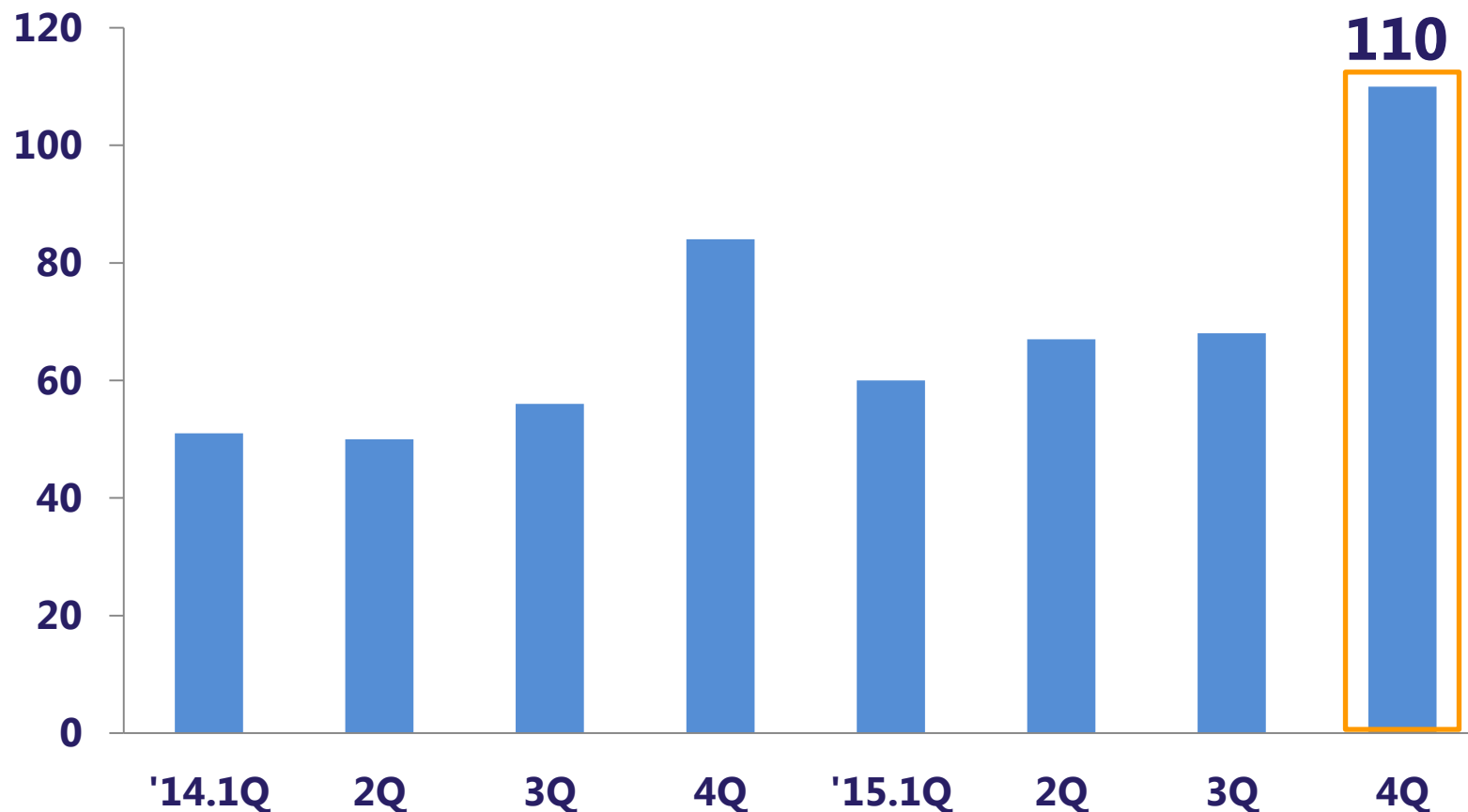


## [Operating profit trend: Chemicals]

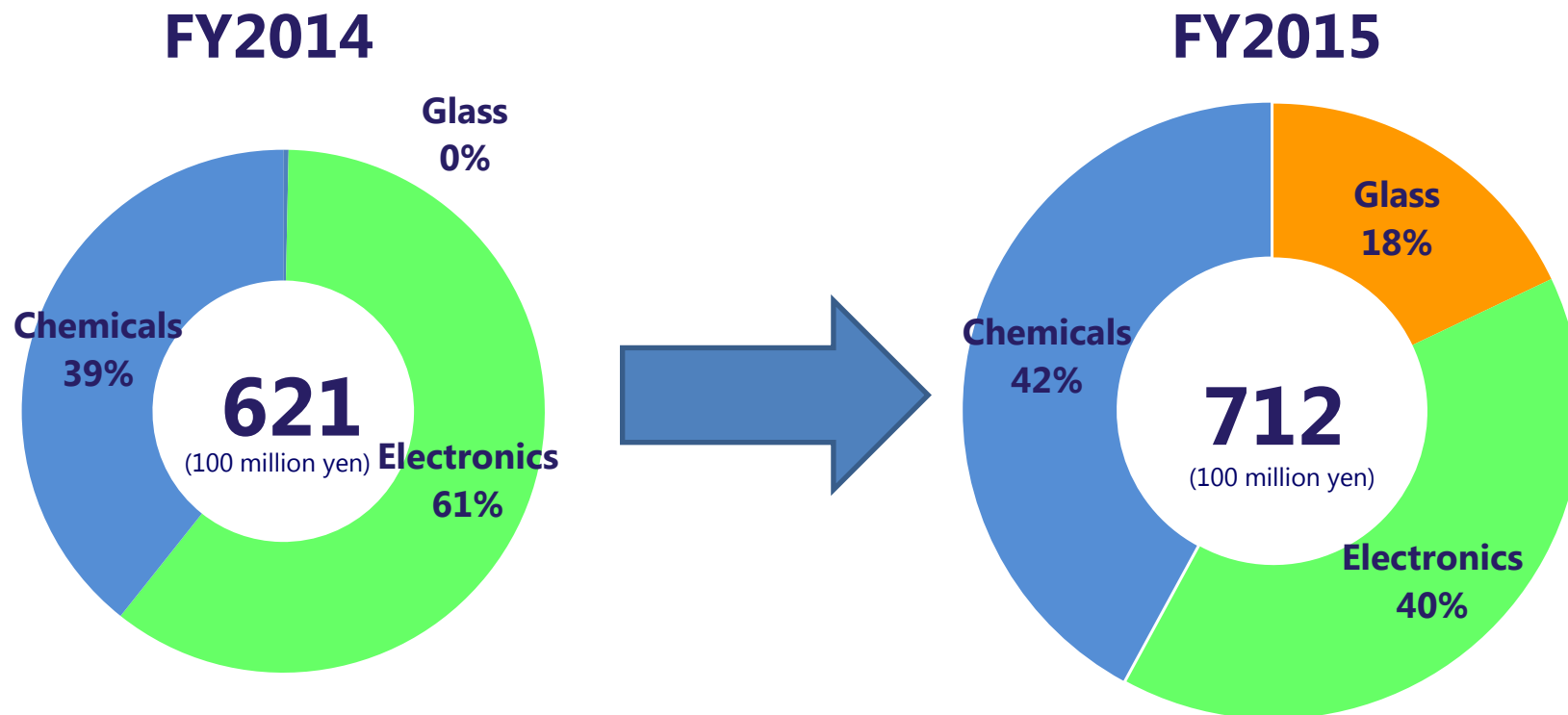
◆ Achieved OP up YoY and QoQ thanks to the improved spread of overseas chlor-alkali business.

## The highest Profit

(100 million yen)

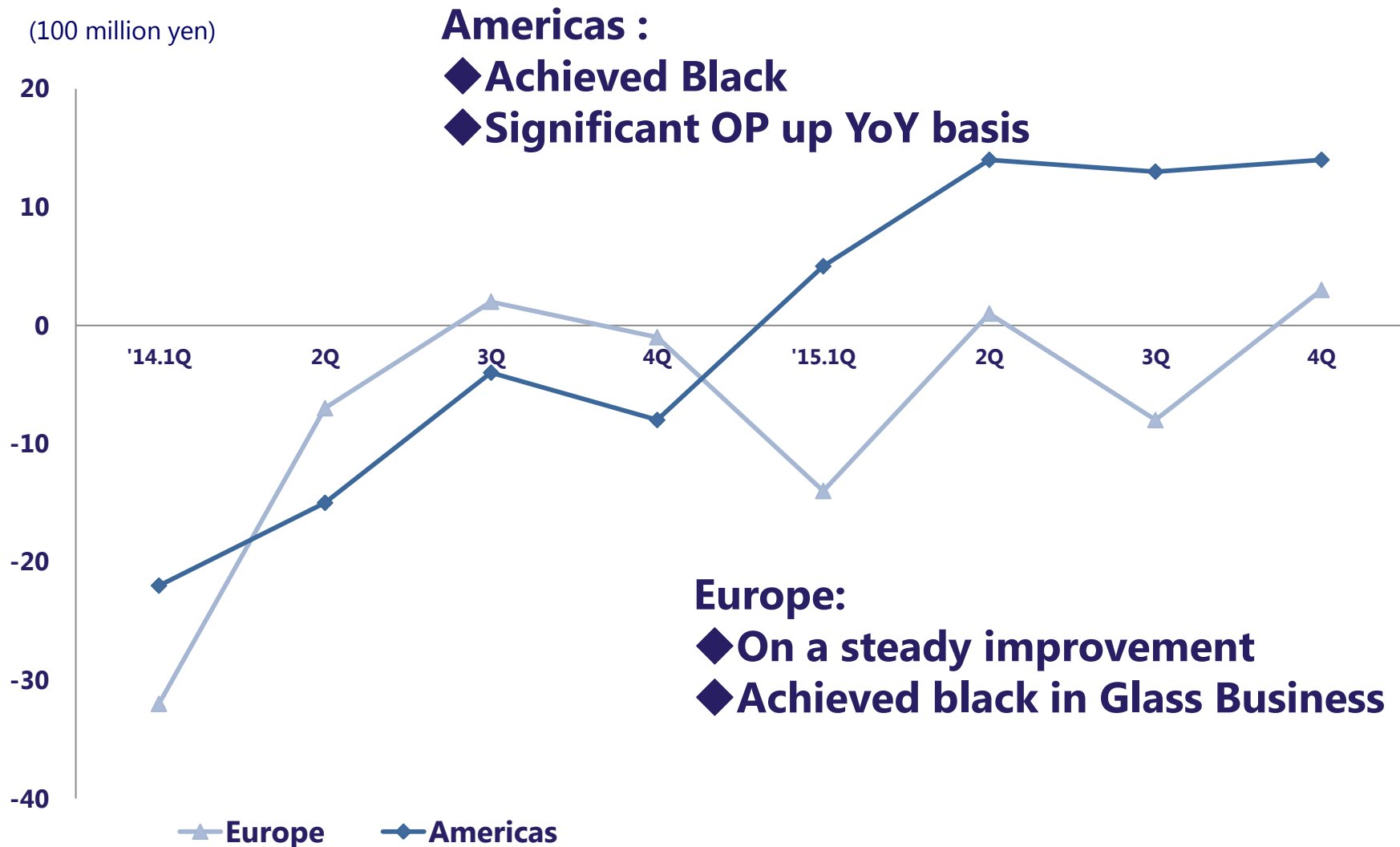


## 【Operating Profit in each business segment】



Becoming a well-balanced  
profit structure

## [Operating profit trend: Europe & Americas]



# Summary of the Financial Results



(100 million yen)

		FY2014	<b>FY2015</b>	Change	Change %
<b>Net sales</b>		13,483	<b>13,263</b>	-220	-1.6%
<b>Operating profit</b>		621	<b>712</b>	+90	+14.6%
<b>Profit before tax</b>		412	<b>845</b>	+434	+105.3%
<b>Profit for the year attributable to owners of the parent</b>		159	<b>429</b>	+270	+169.6%
<b>Dividend (yen/share)</b>		18	<b>18</b>		
<b>Operating profit margin</b>		4.6%	<b>5.4%</b>		
<b>ROE</b>		1.4%	<b>3.9%</b>		
<b>Forex (Average)</b>	JPY/USD	105.85	<b>121.05</b>		
	JPY/EUR	140.42	<b>134.31</b>		
<b>Crude oil</b>	\$/BBL(Dubai)	96.5	50.9		

# Consolidated Statements of Profit or Loss



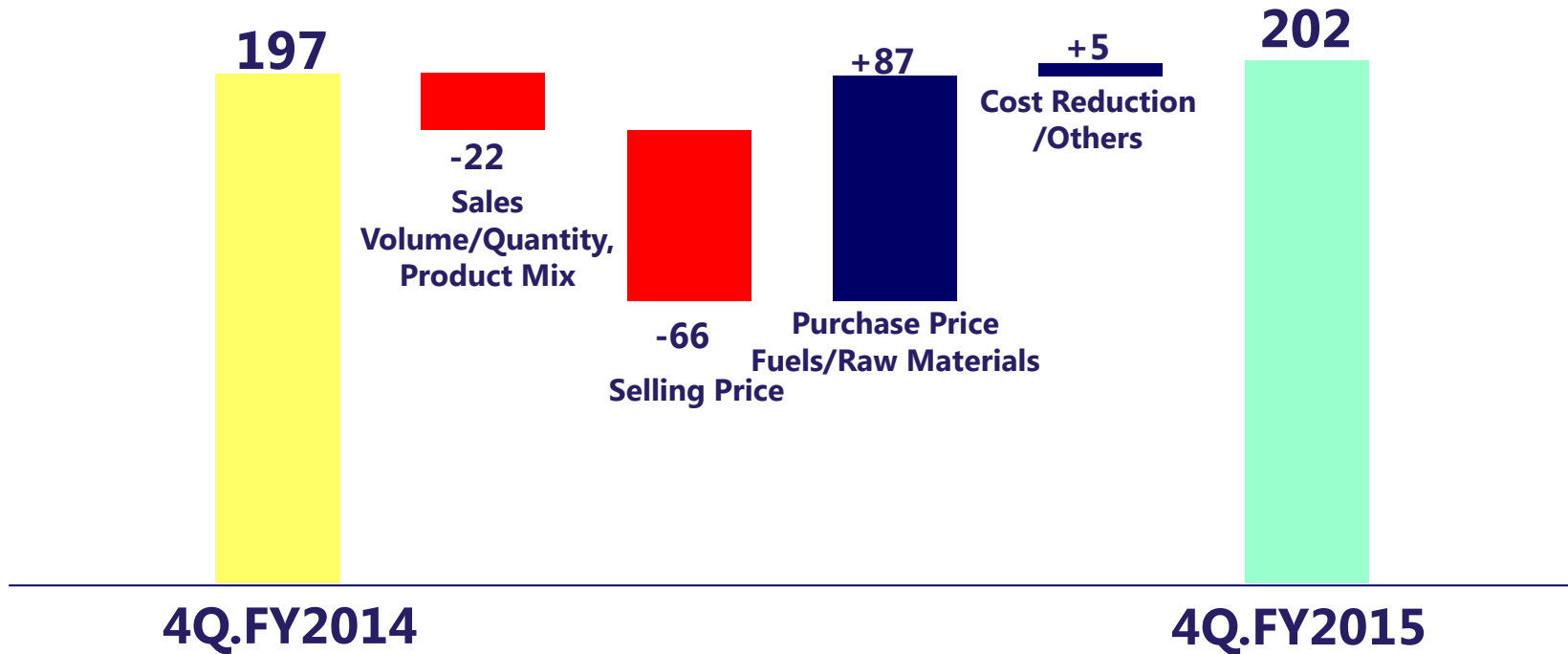
	4Q			Full-year		
	FY2014	<b>FY2015</b>	Change	FY2014	<b>FY2015</b>	Change
						(100 million yen)
<b>Net sales</b>	3,541	<b>3,367</b>	-174*	13,483	<b>13,263</b>	-220*
<b>Operating profit</b>	197	<b>202</b>	+5	621	<b>712</b>	+90
Other income/expenses	-59	<b>-58</b>		-181	<b>148</b>	
<b>Business profit</b>	138	<b>143</b>	+5	440	<b>859</b>	+419
Finance income/costs	6	<b>-1</b>		-29	<b>-14</b>	
<b>Profit before tax</b>	144	<b>143</b>	-2	412	<b>845</b>	+434
Income tax expenses	56	<b>126</b>		207	<b>382</b>	
<b>Profit for the year</b>	88	<b>17</b>	-71	205	<b>463</b>	+258
<b>attributable to owners of the parent</b>	75	<b>2</b>	-73	159	<b>429</b>	+270
attributable to non-controlling interests	13	<b>15</b>		46	<b>34</b>	

\* Foreign exchange fluctuation resulted in -3.6 billion yen in Net sales in 4Q, and +35.0 billion yen in Net sales in full-year.

# Variance Analysis on OP(4Q.FY2015 vs. 4Q.FY2014) **AGC**

¥ 0.5 bn up from same period last year

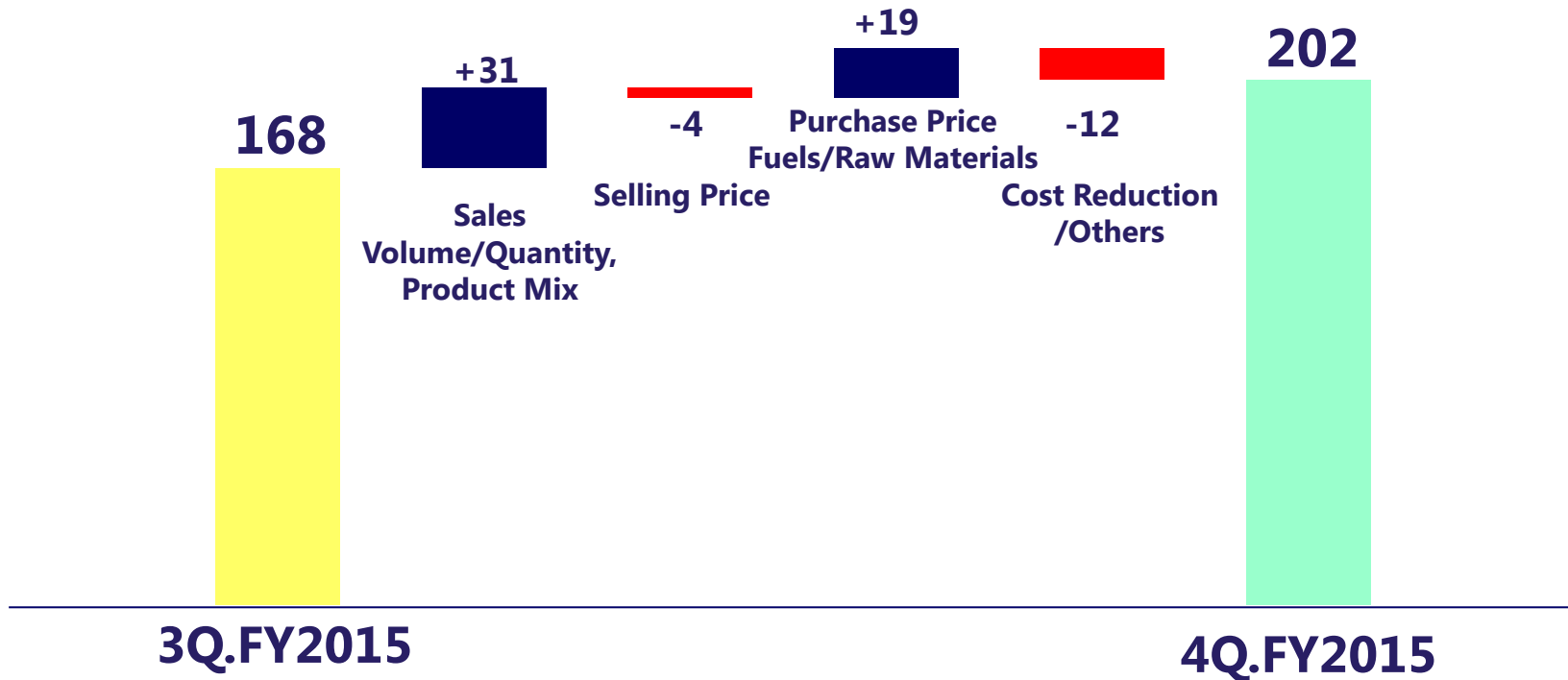
(100 million yen)



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

¥ 3.4 bn up from last quarter

(100 million yen)

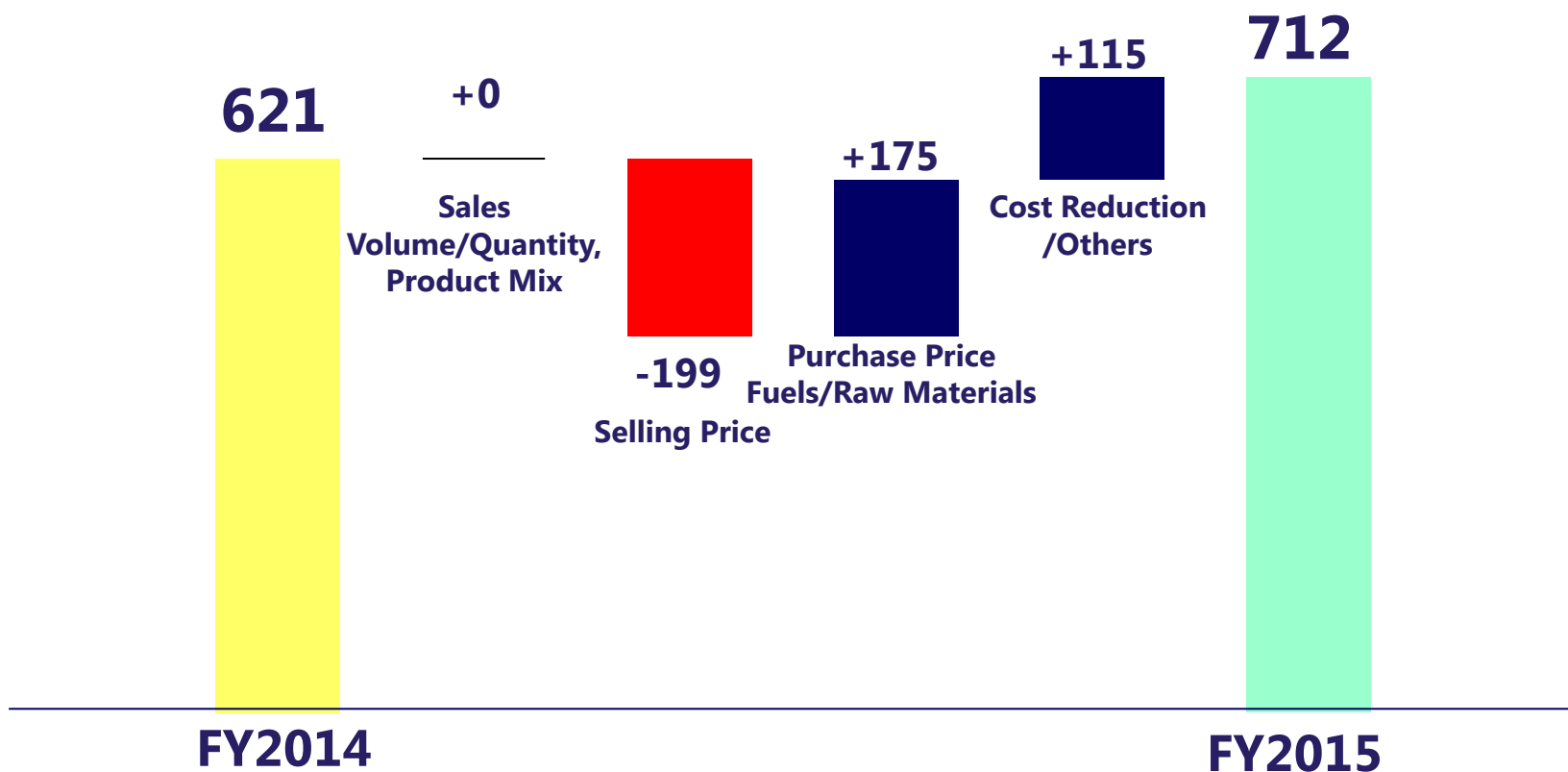




# Variance Analysis on OP(FY2015 vs. FY2014)

¥ 9.0 bn up from last year

(100 million yen)



# Consolidated Statement of Financial Position



(100 million yen)

	FY2014	FY2015	Change
Cash and cash equivalents	697	<b>1,048</b>	+352
Inventories	2,395	<b>2,354</b>	-41
Property, plant and equipment, Goodwill and Intangible assets	11,283	<b>10,440</b>	-843
Other assets	6,399	<b>6,071</b>	-328
<b>Total assets</b>	20,773	<b>19,913</b>	-861 *
Interest-bearing debt	4,993	<b>4,687</b>	-305
Other liabilities	3,976	<b>3,588</b>	-388
<b>Liabilities</b>	8,968	<b>8,275</b>	-694
Total equity attributable to owners of the parent	11,131	<b>10,942</b>	-190
Non-controlling interests	674	<b>696</b>	+22
<b>Equity</b>	11,805	<b>11,638</b>	-167
<b>Total liabilities and equity</b>	20,773	<b>19,913</b>	-861 *

**D/E ratio**

0.42

**0.40** \* -92.2 billion yen due to foreign exchange fluctuation

# Consolidated Statement of Cash Flow



(100 million yen)

	FY2014	FY2015
Profit before tax	412	<b>845</b>
Depreciation and amortization expense	1,372	<b>1,374</b>
Increase(decrease) in working capital	36	<b>110</b>
Others	-461	<b>-457</b>
<b>Cash flows from operating activities</b>	<b>1,358</b>	<b>1,872</b>
<b>Cash flows from investing activities</b>	<b>-1,088</b>	<b>-1,160</b>
<b>Free cash flow</b>	<b>270</b>	<b>712</b>
Changes in interest-bearing debt	-789	<b>-151</b>
Dividends paid	-162	<b>-208</b>
Others	4	<b>5</b>
<b>Cash flows from financing activities</b>	<b>-947</b>	<b>-354</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>46</b>	<b>-6</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>-630</b>	<b>352</b>

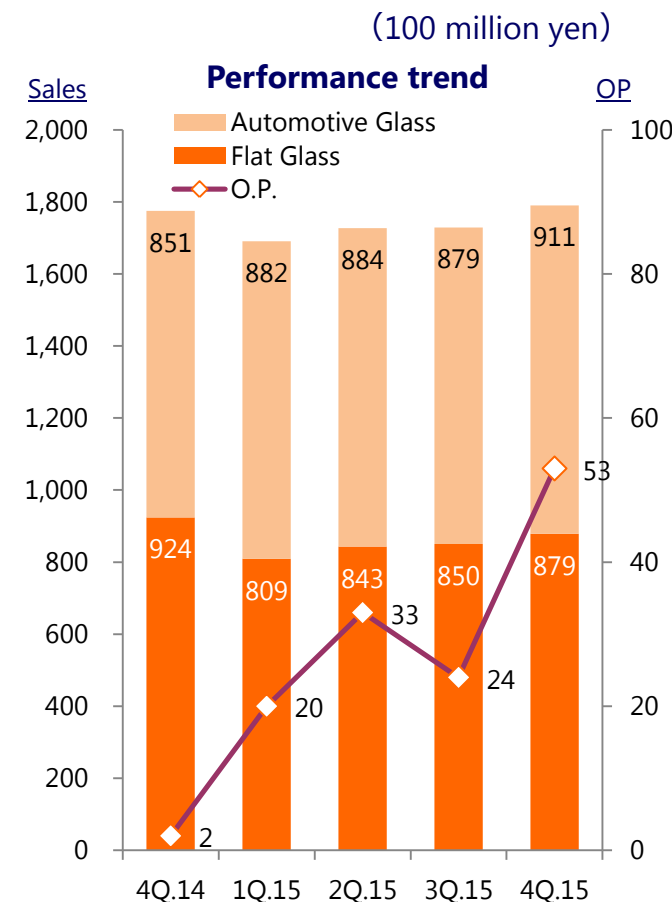
	FY2014	FY2015 (100 million yen)
<b>CAPEX</b>	1,182	<b>1,251</b>
Glass	419	<b>423</b>
Electronics	457	<b>294</b>
Chemicals	301	<b>527</b>
Ceramics/Other	5	<b>8</b>
<b>Depreciation</b>	1,372	<b>1,374</b>
Glass	483	<b>483</b>
Electronics	659	<b>647</b>
Chemicals	207	<b>220</b>
Ceramics/Other	25	<b>25</b>
Elimination	-2	<b>-1</b>
<b>R&amp;D</b>	448	<b>389</b>

\* The figures are different from the results for the previous fiscal year disclosed previously because CAPEX and Depreciation for 2014 have been adjusted to reflect the reorganization.

## 2. Information by Business and Geographic Segments

# Glass Segment (1)

	4Q			Full-year		
	FY2014	<b>FY2015</b>	Change	FY2014	<b>FY2015</b>	Change
Net sales	1,775	<b>1,781</b>	<b>+6</b>	6,863	<b>6,929</b>	<b>+66</b>
Operating profit	2	<b>53</b>	<b>+51</b>	-2	<b>130</b>	<b>+133</b>
Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	4Q	1,781	799	307	710	-35
	Full-year	6,929	3,006	1,272	2,824	-174
Flat glass	4Q	879	345	108	443	-24
	Full-year	3,381	1,227	480	1,789	-115
Automotive glass	4Q	911	457	200	269	-15
	Full-year	3,556	1,783	793	1,036	-57
Adjustment inside segment	4Q	-9	-3	-0	-2	-4
	Full-year	-7	-4	-0	-2	-2



\* The figures are different from the results for the previous fiscal year disclosed previously because net sales and operating profit for 2014 have been adjusted to reflect the reorganization.

【YoY comparison for full-year】

## [Architectural Glass]

- Japan/Asia : Shipments decreased due to a backlash against last-minute demand before the consumption tax increase in Japan.
- Americas : Shipments remained strong.
- Europe : Shipments remained strong in Western and Central Europe. In Eastern Europe shipments declined due to its sluggish demand.

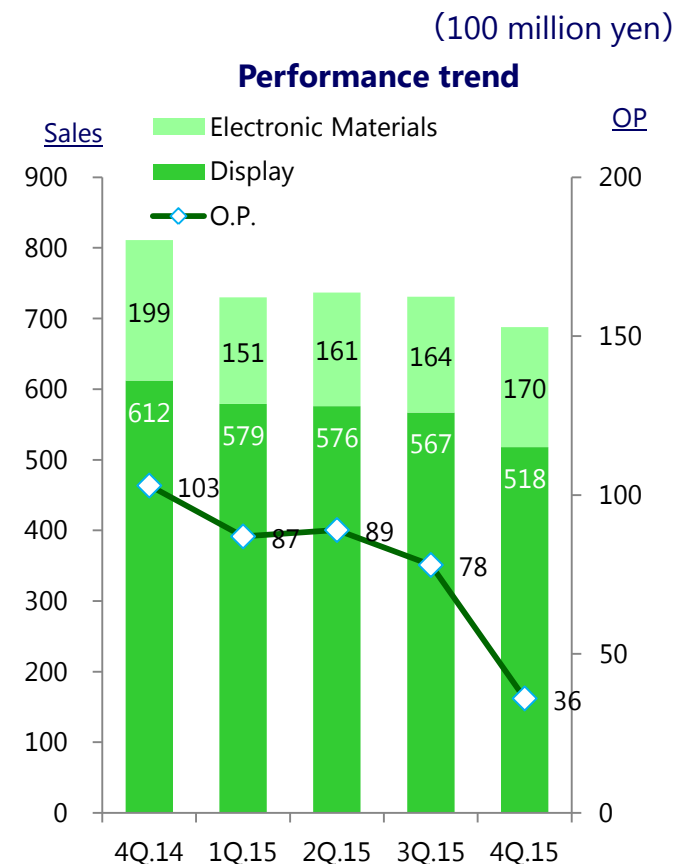
## [Automotive Glass]

- Sales increased thanks to recovery of auto production in Western Europe and robust demand in North America as well as the weak yen, although auto production decreased in Japan, some Asian countries and Eastern Europe.

	4Q			Full-year		
	FY2014	FY2015	Change	FY2014	FY2015	Change
Net sales	811	<b>687</b>	<b>-123</b>	3,197	<b>2,886</b>	<b>-311</b>
Operating profit	103	<b>36</b>	<b>-67</b>	370	<b>290</b>	<b>-80</b>

### Breakdown of sales

Display	4Q	518
	Full-year	2,240
Electronic Materials	4Q	170
	Full-year	646



\* The figures are different from the results for the previous fiscal year disclosed previously because net sales and operating profit for 2014 have been adjusted to reflect the reorganization.



【YoY comparison for full-year】

[Display]

- Shipments of LCD glass substrates increased, but a decline in the sales prices affected the operating results.
- Shipments of specialty glass for display applications increased.
- Sales declined due to the end of PDP-related product shipments.

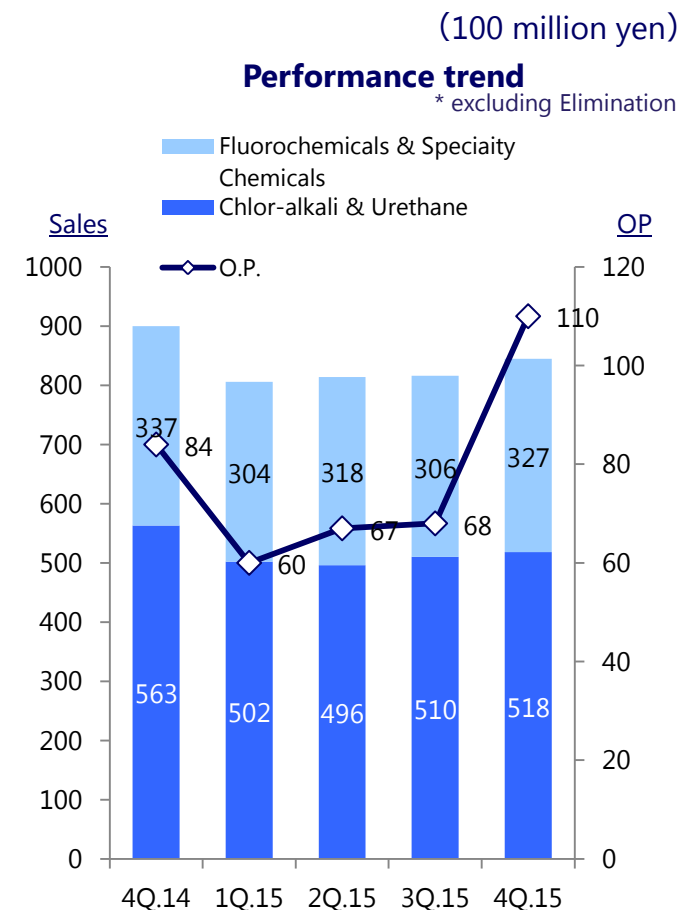
[Electronic Materials]

- Shipments of electronic materials had been favorable until the middle of this fiscal year, but shipments of some products declined year on year in and after the fourth quarter.

	4Q			Full-year		
	FY2014	FY2015	Change	FY2014	FY2015	Change
Net sales	875	<b>820</b>	<b>-55</b>	3,172	<b>3,185</b>	<b>+12</b>
Operating profit	84	<b>110</b>	<b>+25</b>	241	<b>305</b>	<b>+64</b>

### Breakdown of sales

Chlor-alkali & Urethane	4Q	518
	Full-year	2,025
Fluorochemicals & Specialty Chemicals	4Q	327
	Full-year	1,255
Elimination	4Q	-25
	Full-year	-95



\* The figures are different from the results for the previous fiscal year disclosed previously because net sales and operating profit for 2014 have been adjusted to reflect the reorganization.

【YoY comparison for full-year】

〔Chlor-alkali & Urethane〕

- Shipments remained strong.

〔Fluorochemicals & Specialty Chemicals〕

- Shipments declined in some products.

# YoY Performance Comparison by Business Segment



	4Q			Full-year (100 million yen)		
	FY2014	<b>FY2015</b>	Change	FY2014	<b>FY2015</b>	Change
<b>Net sales</b>	3,541	<b>3,367</b>	-174	13,483	<b>13,263</b>	-220
Glass	1,775	<b>1,781</b>	+6	6,863	<b>6,929</b>	+66
Electronics	811	<b>687</b>	-123	3,197	<b>2,886</b>	-311
Chemicals	875	<b>820</b>	-55	3,172	<b>3,185</b>	+12
Ceramics/Other	206	<b>204</b>	-2	808	<b>681</b>	-127
Elimination	-125	<b>-125</b>	-0	-557	<b>-418</b>	+139
<b>Operating profit</b>	197	<b>202</b>	+5	621	<b>712</b>	+90
Glass	2	<b>53</b>	+51	-2	<b>130</b>	+133
Electronics	103	<b>36</b>	-67	370	<b>290</b>	-80
Chemicals	84	<b>110</b>	+25	241	<b>305</b>	+64
Ceramics/Other	7	<b>3</b>	-4	11	<b>-16</b>	-26
Elimination	0	<b>-1</b>	-1	2	<b>1</b>	-1

# Quarterly Performance Comparison by Business Segment



(100 million yen)

	3Q. FY2015	4Q. FY2015	Change	Change %
<b>Net sales</b>	3,310	<b>3,367</b>	+57	+1.7%
Glass	1,730	<b>1,781</b>	+51	+3.0%
Electronics	731	<b>687</b>	-44	-6.0%
Chemicals	791	<b>820</b>	+29	+3.6%
Ceramics/Other	153	<b>204</b>	+51	+33.7%
Elimination	-95	<b>-125</b>	-31	-
<b>Operating profit</b>	168	<b>202</b>	+34	+20.1%
Glass	24	<b>53</b>	+29	+120.9%
Electronics	78	<b>36</b>	-41	-53.2%
Chemicals	68	<b>110</b>	+41	+60.2%
Ceramics/Other	-4	<b>3</b>	+7	-
Elimination	1	<b>-1</b>	-2	-

# YoY Performance Comparison by Geographic Segment



	4Q			Full-year <sup>(100 million yen)</sup>		
	FY2014	<b>FY2015</b>	Change	FY2014	<b>FY2015</b>	Change
<b>Net sales</b>	3,541	<b>3,367</b>	-174	13,483	<b>13,263</b>	-220
Japan & Asia	2,488	<b>2,350</b>	-138	9,398	<b>9,163</b>	-235
Americas	383	<b>371</b>	-12	1,399	<b>1,548</b>	+149
Europe	782	<b>755</b>	-27	3,130	<b>3,018</b>	-112
Elimination	-112	<b>-109</b>	+3	-445	<b>-467</b>	-22
<b>Operating profit</b>	197	<b>202</b>	+5	621	<b>712</b>	+90
Japan & Asia	292	<b>258</b>	-34	1,036	<b>980</b>	-56
Americas	-8	<b>14</b>	+22	-49	<b>45</b>	+94
Europe	-1	<b>3</b>	+4	-38	<b>-18</b>	+19
Elimination	-1	<b>-1</b>	+1	3	<b>-5</b>	-8
Cross-regional common expenses	-84	<b>-72</b>	+12	-331	<b>-290</b>	+41

# Quarterly Performance Comparison by Geographic Segment



(100 million yen)

	3Q. FY2015	4Q. FY2015	Change	Change %
<b>Net sales</b>	3,310	<b>3,367</b>	+57	+1.7%
Japan & Asia	2,275	<b>2,350</b>	+75	+3.3%
Americas	401	<b>371</b>	-30	-7.6%
Europe	738	<b>755</b>	+16	+2.2%
Elimination	-105	<b>-109</b>	-4	-
<b>Operating profit</b>	168	<b>202</b>	+34	+20.1%
Japan & Asia	235	<b>258</b>	+23	+9.6%
Americas	13	<b>14</b>	+0	+1.3%
Europe	-8	<b>3</b>	+11	-
Elimination	-1	<b>-1</b>	-0	-
Cross-regional common expenses	-73	<b>-72</b>	+1	-

# The Impact of FOREX and Change in the Scope of Consolidation (Compared with FY2014)



Net sales	Consolidated total*	Glass	(100 million yen)	
			Electronics	Chemicals
FY2015	<b>13,263</b>	<b>6,929</b>	<b>2,886</b>	<b>3,185</b>
Change vs. FY2014	-220	+66	-311	+12
Change like-for-like vs.FY2014	-663	-115	-355	-194
Impact of FOREX	+350	+140	+44	+157
Impact of Change in the Scope of Consolidation	+92	+42	-	+49

\* 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 FY2016

<b>Net sales</b>	<b>1,400.0 billion yen (up 73.7 billion yen YoY)</b>
<b>Operating profit</b>	<b>75.0 billion yen (up 3.8 billion yen YoY)</b>
<b>Profit for the year attributable for the owners of the parent,</b>	<b>25.0 billion yen (down 17.9 billion yen YoY)</b>

- ✓ Net sales is forecast to increase thanks to increased shipments of glass and chemicals.
- ✓ Operating profit is forecast to increase thanks to increased shipments despite the impact of price decline in certain products.
- ✓ Profit for the year attributable for the owners of the parent is forecast to decrease because the AGC Group posted “Income from revision of the defined benefit plan” for FY2015.

# FY2016 Forecast (2)



(100 million yen)

		FY2015	FY2016 Forecast	Change	Change%
<b>Net sales</b>		13,263	<b>14,000</b>	+737	+5.6%
		(6,586)	<b>(6,800)</b>	(+214)	(+3.3%)
<b>Operating profit</b>		712	<b>750</b>	+38	+5.4%
		(342)	<b>(300)</b>	(-42)	(-12.3%)
<b>Profit before tax</b>		845	<b>450</b>	-395	-46.8%
<b>Profit for the year attributable to owners of the parent</b>		429	<b>250</b>	-179	-41.7%
<b>Dividend (yen/share)</b>		18	<b>18</b>		
<b>Operating profit margin</b>		5.4%	<b>5.4%</b>		
<b>ROE</b>		3.9%	<b>2.3%</b>		
<b>Forex (Average)</b>	JPY/USD	121.05	<b>120.0</b>		
	JPY/EUR	134.31	<b>130.0</b>		
<b>Crude oil</b>	\$/BBL(Dubai)	50.9	<b>45.0</b>		

\* ( ) shows First-half

\* ROE of FY2016 Forecast is calculated by using the Total equity attributable to owners of the parent as of Dec.31, 2015.

## [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 might continue to be sluggish in Eastern Europe.

### ● Automotive Glass

Shipments are expected to increase driven by strong auto production.

## [Electronics]

- Shipments of LCD glass substrates are expected to increase on a full-year basis, although shipments of LCD glass substrates are likely to decrease during the first half of the fiscal year from the previous year due to customers' production adjustment. The price decline of LCD glass substrates is expected to be continuously moderate.
- Shipments of specialty glass for display applications are expected to remain strong. The business for automotive display applications will be posted in the Electronics segment from FY2016
- Shipments of electronic materials are expected to remain strong.

## [Chemicals]

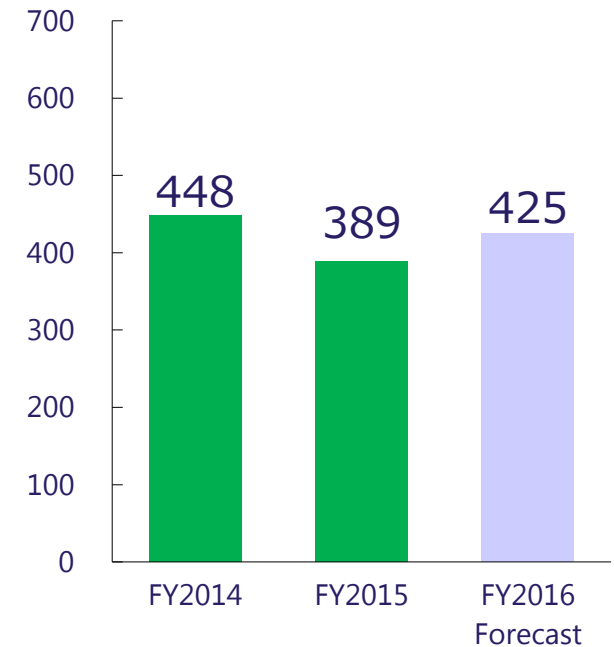
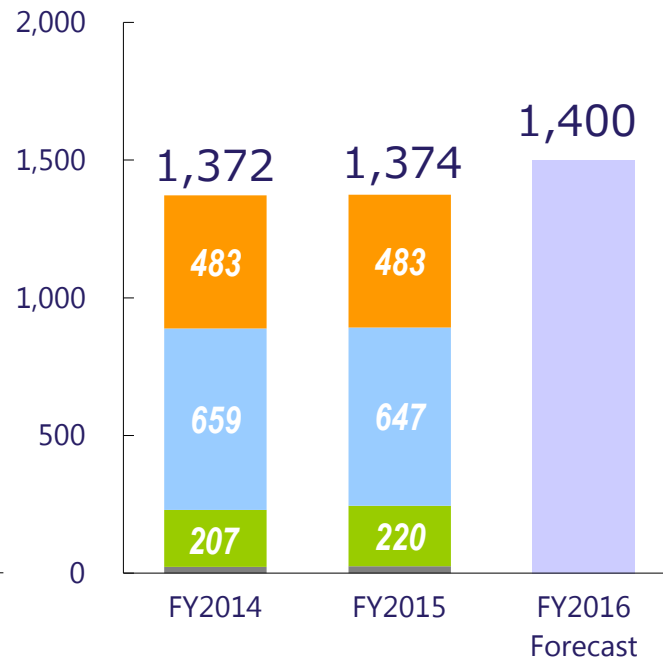
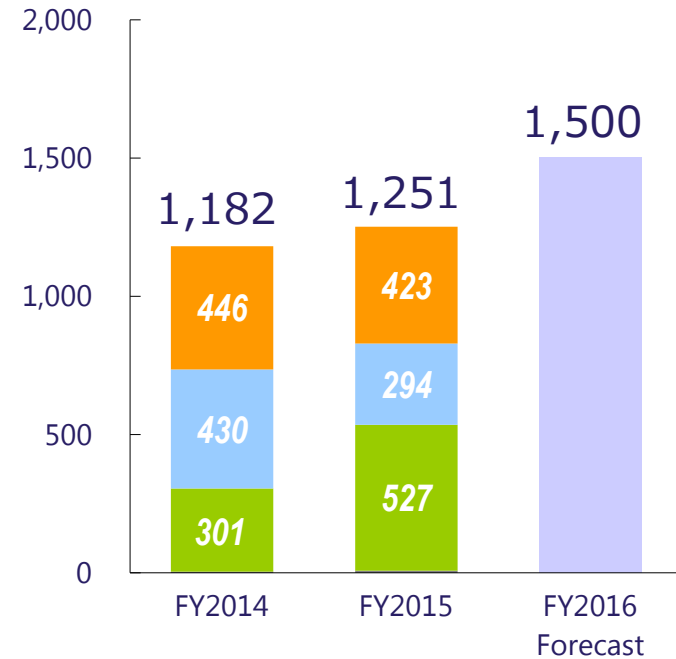
- Shipments of chlor-alkali products in Asia are expected to increase thanks to the production start of new plants in Indonesia.
- The biopharmaceutical contract business will be posted in the Chemicals segment from FY2016

(100 million yen)

## CAPEX

## Depreciation

## R&D

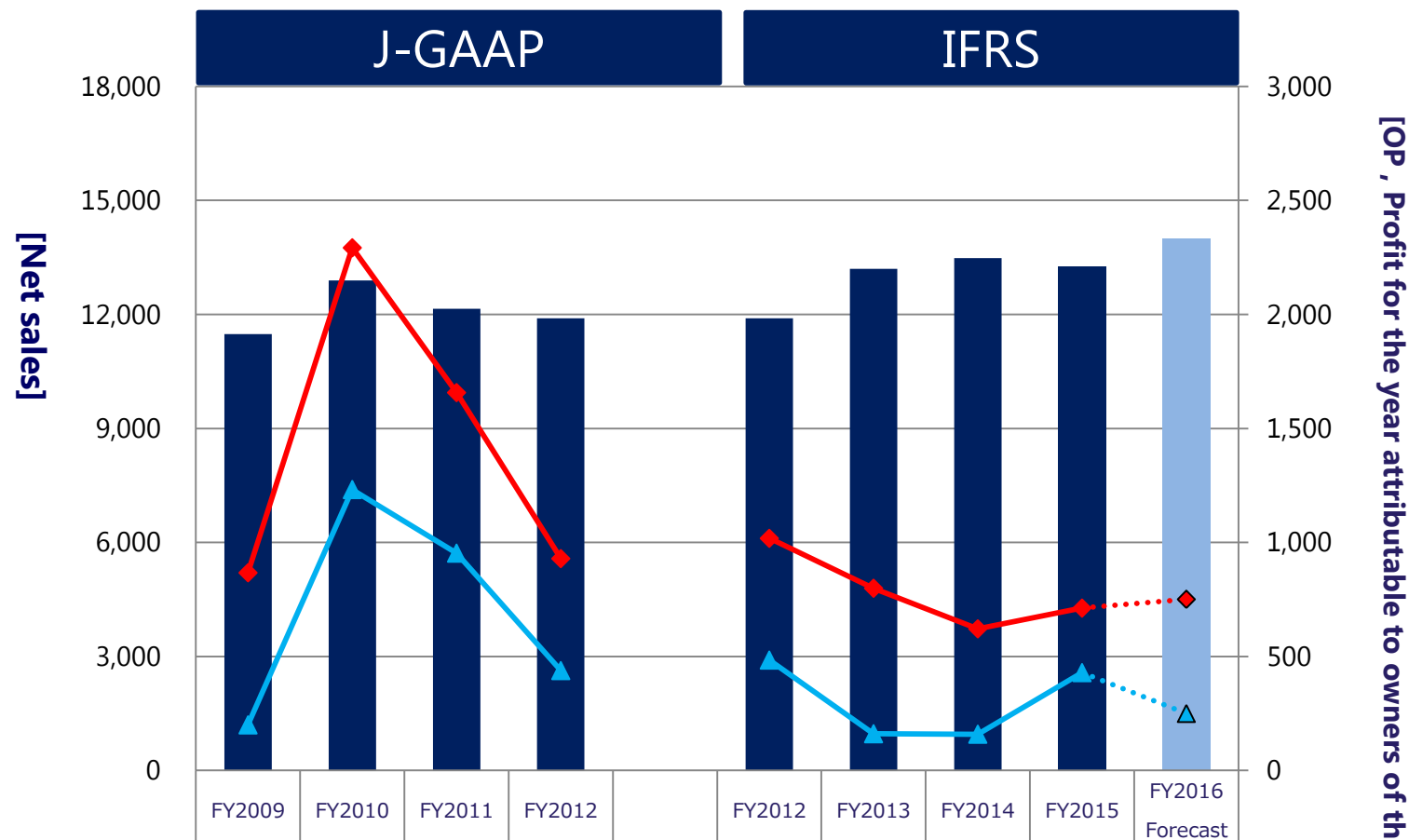


■ Glass   
 ■ Electronics   
 ■ Chemicals   
 ■ Ceramics / Other

# Appendix

# Changes in the Financial Results

(100 million yen)



Net sales	11,482	12,889	12,147	11,900		11,900	13,200	13,483	13,263	14,000
Operating profit	867	2,292	1,657	929		1,018	799	621	712	750
Profit for the year attributable to owners of the parent	200	1,232	953	438		484	161	159	429	250
Operating profit margin	7.5%	17.8%	13.6%	7.8%		8.6%	6.1%	4.6%	5.4%	5.4%
Dividend per share	¥16	¥26	¥26	¥26		¥26	¥18	¥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	15/12
Return on equity <sup>*1</sup>	%	7.5%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%	3.9%
Return on assets <sup>*2</sup>	%	9.3%	7.8%	4.8%	12.9%	9.6%	5.2%	5.6%	4.0%	3.0%	3.5%
Equity ratio	%	45%	40%	42%	46%	48%	50%	47%	51%	54%	55%
Debt/Equity ratio	times	0.52	0.77	0.74	0.60	0.57	0.54	0.56	0.50	0.42	0.40
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	0.40
Earnings per share	Yen	59.35	33.53	17.12	105.52	81.90	37.88	41.90	13.97	13.77	37.12
EBITDA <sup>*3</sup>	100 million yen	2,555	2,199	1,873	3,084	2,594	1,928	2,000	1,866	1,859	2,284

\*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		FY2014	FY2015				FY2016
			1Q	2Q	3Q	4Q	
JPY / USD	Average	105.85	119.09	121.36	122.23	121.50	121.05
	At quarter end	120.55	120.17	122.45	119.96	120.61	120.61
JPY / EUR	Average	140.42	134.18	134.16	135.98	132.95	134.31
	At quarter end	146.54	130.32	137.23	134.97	131.77	131.77

\*4 Assumption for FY2016

Date	Summary
February 4	AGC Exhibits at "Milan Design Week", World's Largest Design Festival, for First Time
March 5	AGC Becomes Official Sponsor of Japan Pavilion at EXPO Milano 2015
March 25	AGC to Enhance PVC Production Capacity in Vietnam by 50%
April 7	AGC to Increase Production Capacity of Solar Control Low-E Glass in Thailand
April 8	AGC to Construct Power Plant in Indonesia
April 17	AGC to Establish an Integrated Production System in China for TFT-LCD Glass Substrates
April 28	AGC Acquires NordGlass (Poland), Active in Automotive Replacement Glass
June 3	AGC Releases "infoverre™ MIRROR," Enabling Unique Information Display on Mirror
July 14	AGC Supplies "XCV™ " Glass Substrate for LGPs that Enable Extra-thin LCD TVs
September 30	AGC to Release Fluon® LM-ETFE LH-8000 for New Application Areas
November 20	AGC to Launch UV Verre Premium Privashield™ "World's first All-around 99% UV Cut!"

# Disclaimer

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