

FOR IMMEDIATE RELEASE

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Progress on the Mid-term Management Plan and the “Vision 2025”

AGC Asahi Glass (the Company) hereby announces the progress on the AGC Group’s mid-term management plan **AGC plus-2017**, as well as the partial revision of the AGC Group Vision **“Look Beyond”**, the formulation of the AGC Group’s “Vision 2025,” and the revision of the AGC Group’s profit distribution policy.

Under the management policy **AGC plus** which emphasizes “adding a plus to all stakeholders,” the Company have set two initiatives as the Group’s tasks under the mid-term management plan **AGC plus-2017**: 1) Increase the Group’s sales by leveraging the Group’s diverse resources and opportunities from a market-oriented perspective, and 2) Increase the Group’s asset efficiency through well-focused allocation of management recourses.

1. Progress on the AGC Group’s mid-term management plan **AGC plus-2017**

		
The AGC Group adds a “plus” by:		
<ul style="list-style-type: none"> • Providing safety, security and comfort to society; • Creating new value and functions for customers and business partners and building trust with them; • Enhancing job satisfaction among employees; and • Increasing the Group’s corporate value for investors. 		
Target for 2017	Sales	¥ 1,600 bn.
	Operating income	more than ¥ 100 bn.
	ROE	5% or above
	D/E	0.5 or less

Under the management policy **AGC plus**, the AGC Group aims to achieve the financial targets set under the mid-term management plan **AGC plus-2017** as each business pursues its strategic direction determined based on the business portfolio created with the profitability and growth potential, and the Group allocates management resources in a well-focused manner.

While the Group’s sales for FY2015 were 1,326.3 billion Japanese yen, falling below the Group’s target set for FY2017, the operating profit increased to 71.2 billion Japanese yen from 62.1 billion Japanese yen in the previous year as a result of recovery in the architectural glass business in Americas and Europe and progress in structural reforms. In the past, the Group’s Electronics business had

accounted for more than half of the Group's earnings, but in FY2015, such an earnings structure has changed and the Group attained a more balanced earnings structure as the Glass, Electronics, and Chemicals business segments account for 18%, 40% and 42% respectively.

The following are major decisions and actions of the AGC Group in FY2015 in an effort to build a basis for its mid- to long-term growth.

Actions taken in FY2015	
Growth 	[Automotive glass] -New plant in Mexico and third automotive plant in China started operation. -Acquired NordGlass, an automotive replacement glass company in Poland Electronics : -Started the light guide plate glass business. Chemicals: -Decided to increase the PVC capacity in Vietnam by 50% -Decided to construct a power generation plant in Indonesia
Cash generator 	[Architectural glass (Fast growing countries)] -Decided to increase the Low-E glass production capacity in Thailand by 50%. LCD glass -Decided to relocate a LCD glass furnace to China from Japan
Strength-building area 	[Architectural glass (Developed countries)] -Implemented structural reforms in the architectural fabrication business in Europe. Electronics: -Implemented structural reforms in the PDP glass business and the specialty glass business.

In 2016 and onward, the AGC Group will continue its efforts to achieve the financial target of each business segment by pursuing the strategic direction set under the mid-term management plan **AGC plus-2017**.

Strategic direction		FY2017 Target
Glass 	[Architectural glass] -Increase asset efficiency & improve earnings -Continue with strength building and structural reform -Stop doing all on our own and use joint venture & outsourcing opportunities [Automotive glass] -Solidify the No.1 position in the market through the growth of high performance products and geographical expansion of its business bases	ROS 5% Or more
Electronics 	[LCD glass] -Reduce costs and keep the profitability level -Shift the production capacity to growing China [Electronic materials] -Concentrate the management resources in areas with growth potential [Applied glass materials] -"thin, light and strong glass" in various markets (in Electronics, building, automotive and solar applications)	ROS 10% or more
Chemicals 	[Chlor-Alkali (Outside Japan)] -Capture business opportunities in the growing Southeast Asian market [Fluorochemicals] -Grow with globally increasing demand for high-performance materials [Life science] -Focus on the expanding pharmaceutical & agrochemical market	ROS 10% or more

As a result of the proactive investments in the previous years, the AGC Group is expected to see a 130 billion yen increase in sales in FY2017 from the FY2015 result. In addition, the Group aims to achieve

the operating profit of 100 billion yen in FY2017 by steadily making growth in new businesses and products in each business segment, including environmentally-friendly refrigerant, fluorinated resin, and life science in the Chemicals business, cover glass for automotive interior and optical components in the Electronics business, and Low-E glass and UV-cut glass for automotive use in the Glass business.

2. Partial revision of the AGC Group Vision **“Look Beyond”**

The AGC Group’s corporate philosophy **“Look Beyond”** defines the Group’s mission, shared values and spirit. Among them, “Our Mission” states the AGC Group’s identity and the value the Group should deliver to society. Following the formulation of the AGC Group’s long-term vision “Vision 2025,” the AGC Group has redefined “Our Mission” in the light of the role it has played and the trust built up with customers and society since its foundation in 1907. (See the diagram shown below)



The AGC Group aims to continue being the “first choice” solution provider for our customers by building long-term trusted relationships with them through unique materials and solutions developed using our wide-ranging material and production technologies.

We will continue offering products and solutions that customers and society need, thereby making people’s lives better around the world every day.

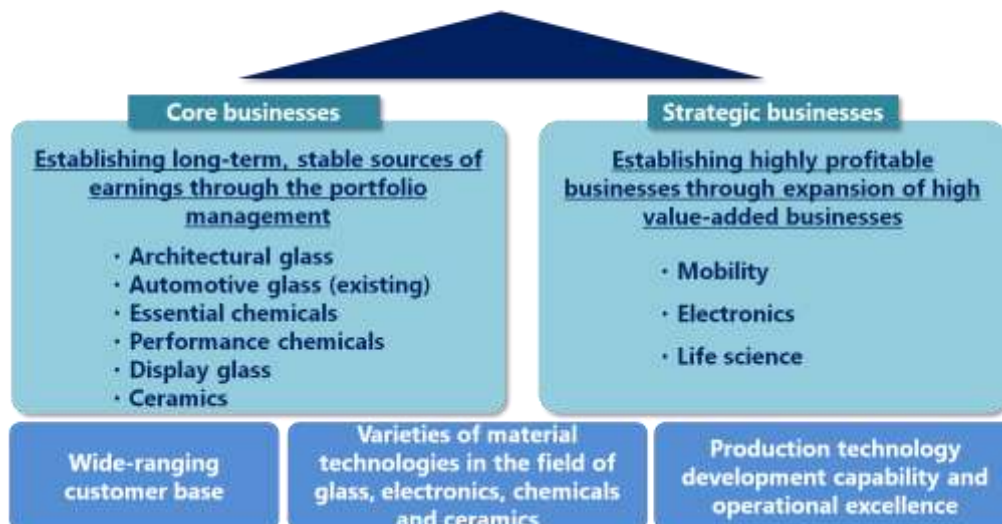
3. The AGC Group’s “Vision 2025”

Under the new management team formed in 2015, the AGC Group has formulated the “Vision 2025” and long-term management strategies to accomplish it by taking into account changes in its business environment. The long-term management strategies consist of two pillars. One is Core Businesses, which serve as long-term stable sources of earnings, such as glass, chemicals, display glass and ceramics. And the other pillar is Strategic Businesses, which are expected to achieve high growth by targeting

mobility, electronics and life science.

The AGC Group aims that, in 2025, the Group’s Core Businesses will be serving as solid sources of earnings, and the Strategic Businesses will be driving further earnings growth, the AGC Group will continue being a highly profitable, leading global material and solution provider.

The AGC Group will be highly profitable, leading global material and solution provider.



The AGC Group aims that, by 2025, the profit generated from the Strategic Businesses will double from the 2015 level and account for over 40% of the Group’s overall earnings. In the final year of the Group’s mid-term management plan **AGC plus-2017**, the Group’s return on equity (ROE) will grow to be 5% or above, then 8% subsequently to consolidate its position as a global leading material and solution provider.

The following is the Group’s basic policy toward the “Vision 2025.”

- 1) Always look from market perspective, respond to customers’ needs, and continue building trust with them
- 2) Achieve sustainable growth in both Core and Strategic Businesses by boldly pursuing strategic M&A opportunities along with the organic growth approach
- 3) Take advantage of high growth in Asia by leveraging regional operations and strategic action in the geographical area covering from Southeast Asia through the Middle East
- 4) Concentrate the Group’s management resources into the business fields that have high earnings/growth potential and achieve the business structure with enhanced asset efficiency.

For the Core Businesses category, the AGC Group aims to build long-term stable sources of earnings through thorough portfolio management. In Asia, the Group will leverage regional operations and take strategic action in the geographical area covering from Southeast Asia through the Middle East in order to take advantage of high growth in the Asian region and use it as a growth opportunity.

For the Strategic Businesses category, the Group aims to establish highly profitable businesses through the expansion of high value-added businesses as it considers macroscopic changes in its business environment, such as the evolution of transportation infrastructure as exemplified by automated driving system, the progress of internet of things (IoT), and advancement of medical care and agriculture, as business opportunities.

For the implementation of the above measures, the AGC Group has budgeted a total one trillion Japanese yen for investments and R&D for the next five years, and has allocated additional 300 billion Japanese yen for M&A and other strategic investments for both Core and Strategic Businesses.

4. **Revision of the Group's profit distribution policy**

The AGC Group has revised its profit distribution policy in the light of the Group's long-term strategies, the improvement of the Group's ROE and the result of the policy discussions on cross-shareholdings in the context of the Corporate Governance Basic Policy. The current profit distribution policy is based on the stable dividend payment with the consolidated dividend payout ratio of around 30%. Going forward, under the revised policy, the AGC Group will aim at the consolidated total shareholders return of 50% or more, including the annual dividend payment per share maintained at the current level of 18 Japanese yen or more and the purchase of treasury stock, and strive to proactively return profits to shareholders while giving comprehensive consideration to the Group's consolidated business results and future investment plans, among others.

The AGC Group will identify and maintain the appropriate equity levels while building the Group's financial strength and securing sufficient retained earnings for necessary R&D, capital investments, investments and loans and M&As for the continuous enhancement of the Group's corporate value.

The AGC Group will continue being a leading global material and solution provider that supports people's lives around the world with its materials and solutions.

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