

February 5, 2020

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 (Code Number: 5201; TSE 1st section)
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Consolidated Financial Results for the Fiscal Year ended December 31, 2019 (IFRS basis)

(Fractions less than one million yen are rounded off.)

1. Financial Results for FY2019 (January 1 through December 31, 2019)

(1) Consolidated Operating Results

(Percentage figures show year-on-year changes.)

	FY2019 (Jan. through Dec. 2019)		FY2018 (Jan. through Dec. 2018)	
	millions of yen	%	millions of yen	%
Net sales	1,518,039	(0.3)	1,522,904	4.1
Operating profit	101,624	(15.7)	120,555	0.8
Profit before tax	76,213	(40.6)	128,404	12.2
Profit for the year	55,515	(45.6)	101,991	28.6
Profit for the year attributable to owners of the parent	44,434	(50.4)	89,593	29.4
Total comprehensive income for the year	60,495	279.9	15,923	-
Basic earnings per share (yen)	200.85		399.51	
Diluted earnings per share (yen)	199.95		397.58	
Profit ratio to equity attributable to owners of the parent (%)	3.9		7.7	
Ratio of profit for the year to total assets (%)	3.3		5.8	
Ratio of operating profit to net sales (%)	6.7		7.9	

Reference: Share of profit of associates and joint ventures accounted for using equity method -FY2019; 1,088 million yen -FY2018; 1,463million yen

(2) Consolidated Financial Position

	FY2019 (as of December 31, 2019)	FY2018 (as of December 31, 2018)
Total assets (millions of yen)	2,335,415	2,235,776
Total equity (millions of yen)	1,282,636	1,253,604
Equity attributable to owners of the parent (millions of yen)	1,157,097	1,137,204
Equity attributable to owners of the parent ratio (%)	49.5	50.9
Equity attributable to owners of the parent per share (yen)	5,229.58	5,141.43

(3) Consolidated Cash Flows

	FY2019 (Jan. through Dec. 2019)	FY2018 (Jan. through Dec. 2018)
Cash flows from operating activities (millions of yen)	191,906	189,287
Cash flows from investing activities (millions of yen)	(182,636)	(194,450)
Cash flows from financing activities (millions of yen)	(17,284)	8,657
Cash and cash equivalents at the end of the year (millions of yen)	113,784	123,503

2. Dividends

	(Base date)	FY2018	FY2019	FY2020(forecast)
Dividend per share	End of the first quarter (yen)	-	-	-
	End of the second quarter (yen)	55.00	60.00	65.00
	End of the third quarter (yen)	-	-	-
	End of the fiscal year (yen)	60.00	60.00	65.00
	Full fiscal year (yen)	115.00	120.00	130.00
Total dividend distribution (full fiscal year) (millions of yen)		25,720	26,587	-
Payout ratio (consolidated) (%)		28.8	59.7	42.0
Ratio of dividend distribution to equity attributable to owners of the parent (consolidated) (%)		2.2	2.3	-

3. Forecast for FY2020 (January 1 through December 31, 2020)

(Percentage figures show year-on-year changes.)

	First half		Full fiscal year	
	millions of yen	%	millions of yen	%
Net sales	750,000	1.7	1,550,000	2.1
Operating profit	50,000	20.5	120,000	18.1
Profit before tax	-	-	107,000	40.4
Profit for the year	-	-	80,000	44.1
Profit for the year attributable to owners of the parent	-	-	69,000	55.3
Basic earnings per share (yen)	-		311.85	

(Note) The forecast for the six months ending June 30, 2020 consists of forecast net sales and operating profit only.

***Notes**

(1) Changes in significant subsidiaries during the period: No

(2) Changes in Accounting Policies and Changes in Accounting Estimates

- i. Changes in accounting policies required by IFRS: Yes
- ii. Changes in accounting policies other than "i" above: No
- iii. Changes in accounting estimates: Yes

(Note) For details, please refer to "(5) Notes to the Consolidated Financial Statements, 2) Changes in Accounting Policies" on page 16, and "4) Changes in Accounting Estimates" on page 17.

(3) Number of Shares Issued (ordinary shares)

i . Number of shares issued (including treasury shares) at the end of the period	
-FY2019 (as of December 31, 2019):	227,441,381
-FY2018 (as of December 31, 2018):	227,441,381
ii . Number of treasury shares at the end of the period	
-FY2019 (as of December 31, 2019):	5,870,670
-FY2018 (as of December 31, 2018):	5,944,972
iii . Average number of shares issued during the period	
-FY2019 (Jan. through Dec. 2019):	221,232,494
-FY2018 (Jan. through Dec. 2018):	224,259,309

[Reference]

(1) Non-Consolidated Operating Results

(Percentage figures show year-on-year changes.)

	FY2019 (Jan. through Dec. 2019)		FY2018 (Jan. through Dec. 2018)	
	millions of yen	%	millions of yen	%
Net sales	516,708	(4.7)	542,004	9.3
Operating income	5,920	(52.8)	12,535	(43.6)
Ordinary income	169,132	212.7	54,079	29.4
Net income	178,475	243.4	51,970	29.3
Net income per share -basic (yen)	806.73		231.74	
Net income per share -fully diluted (yen)	803.15		230.62	

(2) Non-Consolidated Financial Position

	FY2019 (as of December 31, 2019)	FY2018 (as of December 31, 2018)
Total assets (millions of yen)	1,371,747	1,338,966
Total net assets (millions of yen)	752,067	614,185
Equity ratio (%)	54.7	45.7
Equity per share (yen)	3,388.75	2,765.58

Reference: Total Shareholders' Equity at -FY2019; 749,795 million yen
-FY2018; 611,703 million yen

<Reasons in Differences in Non-Consolidated Operating Results from the Previous Fiscal Year>

Ordinary income and Net income for the period for the fiscal year ended December 31, 2019 were higher than those of the previous year mainly due to increased dividends from subsidiaries.

*This consolidated financial statement is outside the scope of annual audit procedure by an auditing firm.

*Appropriate Use of Forecast and Other Information and Other Matters

The above forecast is based on information available to the Company at the time of publication of this document and assumptions concerning uncertainties which might affect the AGC Group's future financial results. It is not intended to be a guarantee of future events, and may differ from actual results for various reasons. For matters concerning the above forecast, please see page 5 and 6.

*Supplementary Materials for the Financial Results

Supplementary materials are available on our website.

(Attached Documents)

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Qualitative Information and Financial Statements

1. Operating Results

(1) Analysis of Operating Results

Operating results for FY2019

During the fiscal year ended December 31, 2019, the global economy surrounding the AGC Group maintained a moderate recovery, but its growth rate slowed, and the impacts of trade and other problems became apparent.

In Japan, the economy continued a trend of a moderate recovery thanks to factors such as the government's economic policies. Meanwhile, the United States, where an economic recovery had continued, saw its economy slow through the second half of the year. In addition, growth rates of many regions and countries such as Europe and China decelerated.

Given this business environment, the AGC Group experienced an increase in the shipments of life science-related products, electronic materials, and glass for display applications. On the other hand, the Group's business performance was adversely impacted by the depreciation of the Euro, a decline in selling prices of LCD glass substrates and caustic soda in Southeast Asia, a decrease in the shipments of automotive glass, and other factors. As a result, the AGC Group posted net sales of 1,518.0 billion yen, down 4.9 billion yen, or a 0.3% decrease from the previous fiscal year. Printed circuit board materials operations acquired in December 2018 and June 2019, and a synthetic pharmaceutical active ingredient manufacturer acquired in March 2019 are included within the scope of consolidation from the fiscal year. Operating profit decreased by 18.9 billion yen, or a 15.7% decrease, from the previous fiscal year to 101.6 billion yen due to the abovementioned factors that affected net sales, as well as an increase in depreciation costs following the start-up of a new LCD glass substrate manufacturing facility, a rise in manufacturing costs of chemicals, and trouble associated with automotive glass production in Japan. Profit before tax decreased 52.2 billion yen, or a 40.6% decrease from the previous fiscal year to 76.2 billion yen, which was mainly due to the recognition of an impairment loss on fixed assets related to the automotive glass business in North America. Profit for the year attributable to owners of the parent fell 45.2 billion yen, or a 50.4% decrease from the previous fiscal year to 44.4 billion yen.

Overview by reportable segment

(Unit: billions of yen)

	Net sales		Operating profit	
	FY2019	FY2018	FY2019	FY2018
Glass	742.9	769.8	9.3	22.8
Electronics	276.7	247.8	25.6	23.7
Chemicals	475.8	484.4	63.0	71.1
Ceramics/Other	83.2	79.0	3.9	2.8
Corporate or elimination	(60.6)	(58.1)	(0)	0
Total	1,518.0	1,522.9	101.6	120.6

Note: Figures are rounded to the nearest 100 million yen.

- Glass

Sales of architectural glass declined year-on-year, mainly because of the depreciation of the Euro, despite shipments of architectural glass remaining favorable in Japan and South America.

Sales of automotive glass decreased year-on-year, mainly because the AGC Group's shipments fell in many regions and because of the depreciation of the Euro.

As a result, net sales of the Glass Operations for the fiscal year were 742.9 billion yen, a decrease of 26.9 billion yen, or a 3.5% decrease, from the previous fiscal year. Operating profit was 9.3 billion yen, down 13.6 billion yen, or a 59.4% decrease, from the previous fiscal year, which was mainly due to the abovementioned factors underlying the decrease in sales, as well as a decrease in production efficiency and implementation of repairs for production facilities in the automotive glass business in Japan, and an increase in manufacturing costs following the start-up of a new facility for architectural glass in Southeast Asia.

- Electronics

In the display business, sales increased from the previous fiscal year, mainly due to an increase in shipments of LCD glass substrates, although their prices dropped, and an increase in shipments of specialty glass for display applications. Regarding electronic materials, the AGC Group's shipments of both optoelectronic materials and semiconductor-related products increased. In addition, net sales of the electronics operations (now AGC Nelco), which was acquired from Park Electrochemical in December 2018, and the printed circuit board materials operations, which was acquired from Taconic in

June 2019, started to contribute to sales from the fiscal year. Consequently, sales in the category of electronic materials increased from the previous fiscal year.

As a result, net sales from the Electronics Operations for the fiscal year were 276.7 billion yen, up 28.8 billion yen, or a 11.6% increase, from the previous fiscal year. Operating profit was 25.6 billion yen, up 1.9 billion yen, or a 7.9% increase, from the previous fiscal year because the adverse impacts of the increase in depreciation costs following the start-up of the new LCD glass substrate facility were more than offset by the abovementioned increase in net sales.

- Chemicals

Sales of chlor-alkali products and urethane products decreased from the previous fiscal year, mainly because of a decline in selling prices of caustic soda in Southeast Asia. In the categories of fluorine products and specialty products, sales declined from the previous fiscal year because shipments of fluoro resins for use in semiconductor-related products decreased, although sales of iodine products, etc. were firm. In the life science category, sales increased from the previous fiscal year due to an increase in the number of contracts for active biopharmaceutical ingredient development, and consolidation of Malgrat Pharma Chemicals, S.L.U. (now AGC Pharma Chemicals Europe, S.L.U.) from March 2019.

As a result, net sales of the Chemicals Operations for the fiscal year were 475.8 billion yen, down 8.6 billion yen, or a 1.8% decrease, from the previous fiscal year. Operating profit was 63.0 billion yen, down 8.2 billion yen, or a 11.5% decrease, from the previous fiscal year, which was mainly due to the abovementioned factors that affected net sales, as well as an increase in manufacturing costs resulting from periodic large-scale maintenance of facilities and a rise in electricity costs in Japan.

The main products of each reportable segment are as follows.

Reportable segment	Main products
Glass	Float flat glass, Figured glass, Polished wired glass, Low-E glass, Decorative glass, Fabricated glass for architectural use (Heat Insulating/shielding glass, Disaster-resistant/Security glass, Fire-resistant glass, etc.), Automotive glass, Cover glass for car-mounted displays, etc.
Electronics	LCD glass substrates, OLED glass substrates, Specialty glass for display applications, Display related materials, Glass for solar power system, Fabricated glass for industrial use, Semiconductor process materials, Optoelectronic materials, Printed circuit board materials, Lighting glass products, Laboratory use ware, etc.
Chemicals	Polyvinyl chloride, Vinyl chloride monomer, Caustic soda, Urethane, Fluorinated resins, Water and oil repellents, Gases, Solvents, Pharmaceutical and agrochemical intermediates and active ingredients, Iodine-related products, etc.

In addition to the above products, the AGC Group also handles ceramics products, logistics/financial services, etc.

Due to a change of corporate structure, the AGC Group partially amended the reportable segment of cover glass for car-mounted displays from the "Electronics" segment to the "Glass" segment in FY2019.

Segment information in FY2018 is based on the classification of reportable segments in FY2019.

(2) Qualitative Information Regarding Consolidated Financial Position

Overview of financial conditions

(Unit: billions of yen)

	FY2019	FY2018	Change
Total assets	2,335.4	2,235.8	99.6
Total liabilities	1,052.8	982.2	70.6
Total equity	1,282.6	1,253.6	29.0

Note: Figures are rounded to the nearest 100 million yen.

- Total assets

Total assets as of the end of the fiscal year under review were 2,335.4 billion yen, up 99.6 billion yen from the end of the previous fiscal year. This increase was mainly due to an increase in property, plant and equipment.

- Total liabilities

Total liabilities as of the end of the fiscal year under review were 1,052.8 billion yen, up 70.6 billion yen from the end of the previous fiscal year. This increase was mainly due to an increase in interest-bearing debt.

- Total equity

Total equity as of the end of the fiscal year under review was 1,282.6 billion yen, up 29.0 billion yen from the end of the previous fiscal year. Total equity increased mainly because of greater retained earnings resulting from net profit.

Overview of cash flows

(Unit: billions of yen)

	FY2019	FY2018	Change
Cash flows from operating activities	191.9	189.3	2.6
Cash flows from investing activities	(182.6)	(194.5)	11.8
Cash flows from financing activities	(17.3)	8.7	(25.9)
Cash & cash equivalents as of end of period	113.8	123.5	(9.7)

Note: Figures are rounded to the nearest 100 million yen.

The free cash flow for the fiscal year under review, which is the sum of cash flows from operating activities and investing activities, was positive 9.3 billion yen (negative 5.2 billion yen in the previous year) mainly due to an increase in proceeds from sale and redemption of other financial assets. Cash & cash equivalents as of the end of the period (net cash) decreased 9.7 billion yen or 7.9% from the end of the previous year to 113.8 billion yen mainly due to repayment or redemption of long-term interest-bearing debt and payment of dividends in financing activities.

- Cash flows from operating activities

Net cash from operating activities for the fiscal year under review was 191.9 billion yen, up 2.6 billion yen or 1.4% from the previous year.

- Cash flows from investing activities

Net cash used in investing activities for the fiscal year under review was 182.6 billion yen, down 11.8 billion yen or 6.1% from the previous year. This expenditure was mainly due to purchase of property, plant and equipment and purchase of subsidiaries.

- Cash flows from financing activities

Net cash used in financing activities for the fiscal year under review was 17.3 billion yen (income of 8.7 billion yen in the previous year). This expenditure is mainly due to repayment or redemption of long-term interest-bearing debt and payment of dividends.

- Cash flow indices

	FY2018	FY2019
Equity attributable to owners of the parent ratio (%)	50.9	49.5
Equity attributable to owners of the parent ratio based on market value (%)	33.9	37.2
Number of years for debt redemption	2.9	3.1
Interest coverage ratio	20.9	14.7

(Notes) Equity attributable to owners of the parent ratio (%): Total equity attributable to owners of the parent / Total Assets

Equity attributable to owners of the parent ratio based on market value (%): Total market capitalization / Total Assets

Number of years for debt redemption: Interest-bearing debts/operating cash flows

Interest coverage ratio: Operating cash flows/interest payment

- All indices were computed using consolidated financial figures.
- Total market capitalization was computed based on the closing stock price at period-end multiplied by number of outstanding shares at period-end (after deducting treasury shares).
- Operating cash flows represent cash flows from operating activities on the consolidated statements of cash flows.
- Interest-bearing debts represent all debts on the consolidated financial position for which interest is paid. In addition, interest payment represents amount of interest paid on the consolidated statements of cash flows.

(3) Forecast for FY2020

Operating forecast for FY2020

(Unit: billions of yen)

	Net Sales	Operating profit	Profit before tax	Profit for the year	Profit for the year attributable to owners of the parent
FY 2020 (January 1 through December 31, 2020)	1,550.0	120.0	107.0	80.0	69.0
FY 2019 (January 1 through December 31, 2019)	1,518.0	101.6	76.2	55.5	44.4
Change (%)	2.1%	18.1%	40.4%	44.1%	55.3%

Note: Figures are rounded to the nearest 100 million yen.

The global economy in 2020 is expected to maintain a moderate recovery on the whole. However, there are concerns that the rate of growth will slow, impacted by such factors as policy issues around the world.

Under such a business environment, the Shipments of architectural glass are expected to increase moderately in many regions from the previous fiscal year, although there are concerns that the supply and demand balance will deteriorate in Europe. Shipments of automotive glass are expected to be at the same level as the previous fiscal year because global automobile production is forecast to remain unchanged from the previous fiscal year.

In the category of display glass products, shipments of LCD glass substrates are expected to increase due to demand growth for G11 panels in China, with a slowdown in the rate of price decreases. Shipments of specialty glass for display applications are expected to be at the same level as the previous fiscal year. In the category of electronic materials, shipments of semiconductor-related products and optoelectronic materials are expected to increase, mainly due to the recovery of the semiconductor-related market and the expansion of demand for products for mobile devices. In addition, shipments of copper clad laminates are expected to increase due to an expansion of demand for 5G-related products for use in base stations, etc.

In the Chemicals business, shipments of chlor-alkali products and urethane products are expected to remain favorable due to demand growth driven by economic growth in Southeast Asia. Shipments of fluorine products and specialty products are expected to be firm due to an increase in the shipments of fluoro resins for use in semiconductor-related products. Shipments of life science products are expected to increase significantly from the previous fiscal year, mainly due to the impact of production capacity expansion.

Taking into account the above factors, net sales of the AGC Group for the fiscal year ending December 31, 2020 are forecasted to be 1,550.0 billion yen, up 32.0 billion yen, or a 2.1% increase from the previous fiscal year, and operating profit

is forecasted to be 120.0 billion yen, up 18.4 billion yen, or a 18.1% increase from the previous fiscal year. Profit before tax will be 107.0 billion yen, up 30.8 billion yen from the previous fiscal year, and profit for the year attributable to owners of the parent is estimated to be 69.0 billion yen, up 24.6 billion yen from the previous fiscal year. The average exchange rates assumed for the fiscal year ending December 31, 2020 are 110 yen to the U.S. dollar and 120 yen to the Euro.

Forecast of financial conditions for FY2020

Regarding cash flows from operating activities, profit before tax is expected to increase by 30.8 billion yen to 107.0 billion yen as compared with that for the fiscal year ended December 31, 2019. Depreciation expenses are expected to be 150.0 billion yen, up 6.6 billion yen from the previous fiscal year.

Of the cash flows from investing activities, capital expenditures are expected to increase 12.3 billion yen year-on-year to 220.0 billion yen.

As for financing activities, the AGC Group will repay and borrow interest-bearing debts and increase borrowings, in addition to dividend payments in accordance with the Group's dividend policy.

(4) Allocation and Distribution of Profits and Dividends

The AGC Group continues to strive to proactively return profits to shareholders, aiming at the consolidated total shareholders return of 50% or more, including the annual dividend payment per share maintained at the current term's expected payment amount or more and the acquisition of treasury shares, while giving comprehensive consideration to the Group's consolidated business results and future investment plans, among others. The AGC Group will also allocate retained earnings to R&D, capital investment as well as merger and acquisition activities, to strengthen its financial position and improve its corporate value.

In consideration of the Group's financial results for the fiscal year under review, the current business environment and future business developments, the Group paid an interim dividend of 60 yen per share and plans to pay a year-end dividend of 60 yen for FY 2019.

With regard to dividend payments for the fiscal year ending December 31, 2020, the total full year dividend payout is scheduled to be 65 yen per share for interim dividend, and 65 yen per share for year-end dividend in light of the Group's financial forecasts.

[Important notes with regard to the forecast]

The above prospective results reflect the judgment of the Group's management on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are recommended not to base investment decisions solely on these prospective results. Please note that actual results may materially differ from the projection due to such various factors as business and market environment the Group is active in, currency exchange rate fluctuations, and others.

2. Basic Policy for adopting Accounting Standards

The AGC Group adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements, starting with the annual financial statements for the fiscal year ending December 31, 2013, with the aim of increasing international comparability of financial information, offering greater convenience for domestic or foreign investors and enhancing the efficiency of the Group's management.

3. Consolidated Financial Statements (IFRS)

(1) Consolidated Statements of Financial Position

(Unit: millions of yen)

	FY2018 (as of December 31, 2018)	FY2019 (as of December 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	123,503	113,784
Trade receivables	260,111	264,102
Inventories	277,014	291,224
Other receivables	50,836	46,387
Income tax receivables	4,531	6,849
Other current assets	17,199	20,263
Total current assets	733,196	742,612
Non-current assets		
Property, plant and equipment	1,108,934	1,177,691
Goodwill	89,076	103,946
Intangible assets	56,645	69,964
Investments accounted for using equity method	35,245	33,204
Other financial assets	179,081	138,053
Deferred tax assets	20,140	21,297
Other non-current assets	13,455	48,644
Total non-current assets	1,502,580	1,592,802
Total assets	2,235,776	2,335,415

(Unit: millions of yen)

	FY2018 (as of December 31, 2018)	FY2019 (as of December 31, 2019)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	156,594	152,502
Short-term interest-bearing debt	67,281	78,439
Long-term interest-bearing debt due within one year	71,897	80,101
Other payables	143,202	140,722
Income tax payables	8,775	8,867
Provisions	929	3,968
Other current liabilities	14,417	17,887
Total current liabilities	463,098	482,490
Non-current liabilities		
Long-term interest-bearing debt	402,601	444,301
Deferred tax liabilities	34,989	41,846
Post-employment benefit liabilities	61,478	62,454
Provisions	8,049	8,286
Other non-current liabilities	11,954	13,399
Total non-current liabilities	519,074	570,288
Total liabilities	982,172	1,052,778
Equity		
Share capital	90,873	90,873
Capital surplus	94,368	92,593
Retained earnings	773,760	811,589
Treasury shares	(28,821)	(28,468)
Other components of equity	207,023	190,510
Total equity attributable to owners of the parent	1,137,204	1,157,097
Non-controlling interests	116,399	125,538
Total equity	1,253,604	1,282,636
Total liabilities and equity	2,235,776	2,335,415

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Profit or Loss)

(Unit: millions of yen)

	FY2018 (Jan. 1 through Dec. 31, 2018)	FY2019 (Jan. 1 through Dec. 31, 2019)
Net sales	1,522,904	1,518,039
Cost of sales	(1,103,106)	(1,115,323)
Gross profit	419,797	402,715
Selling, general and administrative expenses	(300,706)	(302,179)
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,463	1,088
Operating profit	120,555	101,624
Other income	15,174	12,743
Other expenses	(13,230)	(38,365)
Business profit	122,499	76,002
Finance income	16,050	13,906
Finance costs	(10,145)	(13,696)
Net finance costs	5,905	210
Profit before tax	128,404	76,213
Income tax expenses	(26,412)	(20,698)
Profit for the year	101,991	55,515
Attributable to:		
Owners of the parent	89,593	44,434
Non-controlling interests	12,398	11,080
Earnings per share		
Basic earnings per share (yen)	399.51	200.85
Diluted earnings per share (yen)	397.58	199.95

(Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

	FY2018 (Jan. 1 through Dec. 31, 2018)	FY2019 (Jan. 1 through Dec. 31, 2019)
Profit for the year	101,991	55,515
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax		
Remeasurement of the net defined benefit liability (asset)	(5,050)	6,702
Net gain (loss) on revaluation of financial assets measured at FVTOCI ^(Note)	(25,256)	5,844
Share of other comprehensive income of associates and joint ventures accounted for using equity method	76	(799)
Total	(30,230)	11,748
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Net gain (loss) in fair value of cash flow hedges	(535)	(811)
Exchange differences on translation of foreign operations	(55,361)	(5,956)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	58	-
Total	(55,838)	(6,767)
Other comprehensive income, net of tax	(86,068)	4,980
Total comprehensive income for the year	15,923	60,495
Attributable to:		
Owners of the parent	6,629	48,239
Non-controlling interests	9,293	12,256

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

(3) Consolidated Statements of Changes in Equity
FY2018 (Jan. 1 through Dec. 31, 2018)

(Unit: millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurement of net defined benefit liability (asset)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)
Balance as of January 1, 2018	90,873	101,420	735,653	(43,629)	(32,480)	105,270
Impact of change in accounting policy	-	-	(244)	-	-	-
Restated balance as of January 1, 2018	90,873	101,420	735,408	(43,629)	(32,480)	105,270
Changes in equity						
Comprehensive income						
Profit for the year	-	-	89,593	-	-	-
Other comprehensive income	-	-	-	-	(5,287)	(25,252)
Total comprehensive income for the year	-	-	89,593	-	(5,287)	(25,252)
Transactions with owners						
Dividends	-	-	(24,858)	-	-	-
Acquisition of treasury shares	-	-	-	(21,521)	-	-
Disposal of treasury shares	-	-	(91)	308	-	-
Cancellation of treasury shares	-	-	(36,021)	36,021	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	159	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	9,729	-	-	(9,729)
Share-based payment transactions	-	129	-	-	-	-
Others (business combinations and others)	-	(7,340)	-	-	-	-
Total transactions with owners	-	(7,051)	(51,242)	14,808	-	(9,729)
Balance as of December 31, 2018	90,873	94,368	773,760	(28,821)	(37,767)	70,288

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2018 (Jan. 1 through Dec. 31, 2018)

(Unit: millions of yen)

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity
	Other components of equity		Total			
	Net gain (loss) in fair value of cash flow hedges	Exchange differences on translation of foreign operations				
Balance as of January 1, 2018	548	226,377	299,716	1,184,034	105,860	1,289,895
Impact of change in accounting policy	-	-	-	(244)	-	(244)
Restated balance as of January 1, 2018	548	226,377	299,716	1,183,790	105,860	1,289,650
Changes in equity						
Comprehensive income						
Profit for the year	-	-	-	89,593	12,398	101,991
Other comprehensive income	(444)	(51,978)	(82,964)	(82,964)	(3,104)	(86,068)
Total comprehensive income for the year	(444)	(51,978)	(82,964)	6,629	9,293	15,923
Transactions with owners						
Dividends	-	-	-	(24,858)	(2,423)	(27,282)
Acquisition of treasury shares	-	-	-	(21,521)	-	(21,521)
Disposal of treasury shares	-	-	-	216	-	216
Cancellation of treasury shares	-	-	-	-	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	159	(230)	(71)
Transfer from other components of equity to retained earnings	-	-	(9,729)	-	-	-
Share-based payment transactions	-	-	-	129	-	129
Others (business combinations and others)	-	-	-	(7,340)	3,900	(3,440)
Total transactions with owners	-	-	(9,729)	(53,215)	1,245	(51,969)
Balance as of December 31, 2018	103	174,399	207,023	1,137,204	116,399	1,253,604

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurement of net defined benefit liability (asset)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)
Balance as of January 1, 2019	90,873	94,368	773,760	(28,821)	(37,767)	70,288
Impact of change in accounting policy	-	-	(168)	-	-	-
Restated balance as of January 1, 2019	90,873	94,368	773,591	(28,821)	(37,767)	70,288
Changes in equity						
Comprehensive income						
Profit for the year	-	-	44,434	-	-	-
Other comprehensive income	-	-	-	-	6,322	5,816
Total comprehensive income for the year	-	-	44,434	-	6,322	5,816
Transactions with owners						
Dividends	-	-	(26,582)	-	-	-
Acquisition of treasury shares	-	-	-	(15)	-	-
Disposal of treasury shares	-	-	(172)	368	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	(286)	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	20,318	-	-	(20,318)
Share-based payment transactions	-	73	-	-	-	-
Others (business combinations and others)	-	(1,562)	-	-	-	-
Total transactions with owners	-	(1,775)	(6,436)	352	-	(20,318)
Balance as of December 31, 2019	90,873	92,593	811,589	(28,468)	(31,445)	55,786

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2019 (Jan. 1 through Dec. 31, 2019)

(Unit: millions of yen)

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity
	Other components of equity		Total			
	Net gain (loss) in fair value of cash flow hedges	Exchange differences on translation of foreign operations				
Balance as of January 1, 2019	103	174,399	207,023	1,137,204	116,399	1,253,604
Impact of change in accounting policy	-	-	-	(168)	(117)	(286)
Restated balance as of January 1, 2019	103	174,399	207,023	1,137,035	116,281	1,253,317
Changes in equity						
Comprehensive income						
Profit for the year	-	-	-	44,434	11,080	55,515
Other comprehensive income	(768)	(7,565)	3,804	3,804	1,175	4,980
Total comprehensive income for the year	(768)	(7,565)	3,804	48,239	12,256	60,495
Transactions with owners						
Dividends	-	-	-	(26,582)	(3,529)	(30,112)
Acquisition of treasury shares	-	-	-	(15)	-	(15)
Disposal of treasury shares	-	-	-	195	-	195
Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(286)	(480)	(766)
Transfer from other components of equity to retained earnings	-	-	(20,318)	-	-	-
Share-based payment transactions	-	-	-	73	-	73
Others (business combinations and others)	-	-	-	(1,562)	1,009	(552)
Total transactions with owners	-	-	(20,318)	(28,177)	(2,999)	(31,177)
Balance as of December 31, 2019	(665)	166,833	190,510	1,157,097	125,538	1,282,636

(4) Consolidated Statements of Cash Flows

(Unit: millions of yen)

	FY2018 (Jan. 1 through Dec. 31, 2018)	FY2019 (Jan. 1 through Dec. 31, 2019)
Cash flows from operating activities		
Profit before tax	128,404	76,213
Depreciation and amortization	121,668	143,361
Impairment losses	743	24,454
Interest and dividend income	(11,550)	(13,578)
Interest expenses	9,351	12,281
Share of profit (loss) of associates and joint ventures accounted for using equity method	(1,463)	(1,088)
Loss (gain) on sale or disposal of non-current assets	1,183	2,463
Decrease (increase) in trade receivables	(4,972)	(2,979)
Decrease (increase) in inventories	(24,731)	(9,079)
Increase (decrease) in trade payables	2,752	(4,518)
Others	627	(7,086)
Subtotal	222,012	220,444
Interest and dividends received	12,218	13,753
Interest paid	(9,073)	(13,073)
Income taxes paid	(35,870)	(29,217)
Net cash from operating activities	189,287	191,906
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(211,370)	(197,928)
Proceeds from sale of property, plant and equipment	17,843	7,350
Purchase of other financial assets	(7,316)	(3,790)
Proceeds from sale and redemption of other financial assets	26,394	51,302
Purchase of subsidiaries or other businesses	(19,456)	(40,093)
Proceeds from sale of shares of subsidiaries or other businesses	3,860	-
Others	(4,405)	523
Net cash used in investing activities	(194,450)	(182,636)
Cash flows from financing activities		
Changes in short-term interest-bearing debt	(3,524)	12,653
Proceeds from borrowing or issuing long-term interest-bearing debt	138,156	80,313
Repayment or redemption of long-term interest-bearing debt	(81,059)	(81,636)
Proceeds from non-controlling interests	3,790	1,500
Acquisition of treasury shares	(21,521)	(15)
Dividends paid	(24,858)	(26,582)
Dividends paid to non-controlling interests	(2,423)	(3,529)
Others	97	14
Net cash used in financing activities	8,657	(17,284)
Effect of exchange rate changes on cash and cash equivalents	(6,407)	(1,704)
Net increase (decrease) in cash and cash equivalents	(2,913)	(9,719)
Cash and cash equivalents at beginning of year	126,417	123,503
Cash and cash equivalents at end of year	123,503	113,784

(5) Notes to the Consolidated Financial Statements

1) Basis of Preparations

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), based on the stipulations of Article 93 of the Ordinance on Consolidated Financial Statements. The Group's consolidated financial statements satisfy all of the requirements for a "Specified Company" prescribed by Article 1-2 of the Ordinance on Consolidated Financial Statements.

2) Changes in Accounting Policies

The significant accounting policies adopted for the Group's consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2018, with the exception of the items described below.

Beginning from the fiscal year 2019, the Group has adopted IFRS 16 Leases ("IFRS 16"). In adopting IFRS 16, the Group has applied the modified retrospective approach of recognizing the cumulative effect of applying the standard as an adjustment to the beginning balance of retained earnings at the date of initial application with no restatement of the comparative period, which is approved as transitional measures.

During the year ended December 2018, the Group classified lease arrangements as finance leases when the lessor transfers substantially all the risks and rewards incidental to ownership of an asset to the Group. Leased assets are initially recognized at the lower of the fair value of the asset and the present value of the minimum lease payments. All other lease arrangements are classified as operating leases and are not reported in the Group's consolidated statements of financial position. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

From the fiscal year 2019, the Group, in accordance with IFRS 16, has determined whether a contract is, or contains, a lease, at the inception of the contract. A contract is determined to be a lease or contain a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For the assessment of whether a contract that was concluded in or prior to the previous fiscal year is a lease, or contains a lease, the Group has applied the practical expedient of maintaining its previous assessment.

When a contract is determined to be a lease or contain a lease, the Group initially recognizes a right-of-use asset and a lease liability at the commencement date of the contract. A lease liability is initially measured at the discounted present value of unpaid lease payments at the commencement date of the contract. The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred and prepaid lease payments, etc. The right-of-use asset is regularly depreciated over the economic life or the lease term of the underlying asset, whichever is shorter, from the commencement date of the contract. The Group does not recognize right-of-use assets and lease liabilities for leases with a lease term of 12 months or less or when the underlying assets are of low value, and recognizes lease payments as an expense on a straight-line basis over the lease term.

As a result of recognizing and measuring the lease transactions in accordance with IFRS 16, in the Consolidated Statements of Financial Position at the beginning for the fiscal year 2019, the right-of-use assets and lease liabilities increased 38.9 billion yen and 39.2 billion yen, respectively. In the Consolidated Statements of Financial Position, right-of-use assets are presented as Property, plant and equipment and lease liabilities are presented as Long-term interest-bearing debt due within one year or Long-term interest-bearing debt. Due to changes in the presentation of operating lease expenses, Cash flows from operating activities increased and Cash flows from financing activities decreased.

The breakdown of the difference between the amount of operating lease commitments as of the end of the fiscal year 2018 and the amount of lease liabilities at the date of initial application is as follows. In adopting IFRS 16 to lease transactions, which were previously classified as operating leases, the Group has applied recognition exemptions allowing the lessee not to recognize right-of-use assets and lease liabilities on leases with remaining lease terms of 12 months or less.

(Unit: millions of yen)

Operating lease commitments as of December 31, 2018	41,931
The weighted average rate of interest on incremental borrowing rate (%) as of January 1, 2019	1.8%
Operating lease commitments (after discount) as of January 1, 2019	38,358
Commitments related to short-term leases and leases of low-value assets for which lease liabilities are not recognized	(1,909)
Commitments related to leases which had been classified as finance leases	10,681
Others	2,798
Lease liabilities recognized as of January 1, 2019	49,929

With the exception of the standards described above, the following are the accounting standards applied by the Group from fiscal year 2019, in compliance with each transitional provision. The effect of the application of the following standards on the Group's consolidated financial statements is immaterial.

IFRS	Title	Summaries of new IFRS and amendments
IFRIC 23	Uncertainty over Income Tax Treatments	Clarification of accounting treatment for income taxes when there is uncertainty
IAS 19 (amended in February 2018)	Employee Benefits	Clarification of accounting treatment for plan amendments, curtailments and settlements
IAS 28 (amended in October 2017)	Investments in Associates and Joint Ventures	Clarification of accounting treatment for long-term interests in an associate or a joint venture

3) Significant Accounting Policies

"Operating profit" in the Group's consolidated statements of profit or loss is an indicator that facilitates like-on-like comparisons and evaluation of the Group's business performance on a continuous basis. Main items of "other income" and "other expenses" are foreign exchange gain and loss, gains on sale of non-current assets, losses on disposal of non-current assets, impairment loss and expenses for restructuring programs. "Business profit" includes all income and expenses before finance income, finance costs and income tax expenses.

4) Changes in Accounting Estimates

Change in significant accounting estimates in consolidated financial statements for the fiscal year 2019 is as follow.

(Impairment losses)

During the year ended December 31, 2019, due to the declining vehicle production and a shift in vehicle models in North America, the Group identified impairment indications that the Groups of assets, related to automotive glass business in the region included in the Glass segment, experienced decreases in profitability. Accordingly, the Group estimated recoverable amounts and recognized an impairment loss of ¥22,313 million. The recoverable amounts are based on fair value less costs of disposal.

5) Segment Information

The Group's reportable segments are components of the Group for which discrete financial information is available, and whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess performance.

The Group had four in-house companies by product and service: Building & Industrial Glass, Automotive, Electronics and Chemicals. Each in-house company operates worldwide, formulating comprehensive domestic and overseas strategies for its products and services.

Building & Industrial Glass and Automotive share the same float glass manufacturing facilities (glass melting furnace) etc., which are the largest assets and situated the highest upstream in the supply chain. The two in-house companies share assets and liabilities, and ratio of utilization is influenced by fluctuations of demand and supply. Considering these situations, it is difficult to divide financial statements for the two in-house companies. Therefore, the Group prepares the financial statements of Building & Industrial Glass and Automotive as the Glass segment. In addition, decisions on assigning management resources are closely tied to the results of each business and inseparable from their performance evaluation. Therefore, with the participation of presidents of both in-house companies, the Group has established a "Glass Segment Council," which primarily functions to maintain synergies and maximize overall production in the Glass segment, and collaborates to maximize profits for the Group. Based on these circumstances, the Group reports the Glass segment as one.

Thus, the Group has three reportable segments: Glass, Electronics, and Chemicals.

Due to a change of corporate structure, the Company partially amended the reportable segment of cover glass for car-mounted displays from the "Electronics" segment to the "Glass" segment in FY2019.

Segment information in FY2018 is based on the classification of reportable segments in FY2019.

The main products of each reportable segment are as follows.

Reportable segment	Main products
Glass	Float flat glass, Figured glass, Polished wired glass, Low-E glass, Decorative glass, Fabricated glass for architectural use (Heat Insulating/shielding glass, Disaster-resistant/Security glass, Fire-resistant glass, etc.), Automotive glass, Cover glass for car-mounted displays, etc.
Electronics	LCD glass substrates, OLED glass substrates, Specialty glass for display applications, Display related materials, Glass for solar power system, Fabricated glass for industrial use, Semiconductor process materials, Optoelectronic materials, Printed circuit board materials, Lighting glass products, Laboratory use ware, etc.
Chemicals	Polyvinyl chloride, Vinyl chloride monomer, Caustic soda, Urethane, Fluorinated resins, Water and oil repellents, Gases, Solvents, Pharmaceutical and agrochemical intermediates and active ingredients, Iodine-related products, etc.

FY2018 (Jan.1 through Dec.31, 2018)

(Unit: millions of yen)

	Reportable segments			Ceramics/ Other	Total	Adjustments	Amount reported on consolidated financial statements
	Glass	Electronics	Chemicals				
Sales to external customers	768,515	237,930	482,097	34,361	1,522,904	-	1,522,904
Inter-segment sales or transfers	1,296	9,902	2,253	44,669	58,122	(58,122)	-
Total sales	769,811	247,832	484,350	79,030	1,581,026	(58,122)	1,522,904
Segment profit (loss) (Operating profit)	22,845	23,718	71,138	2,818	120,520	34	120,555
Profit for the year	-	-	-	-	-	-	101,991
Other items							
Depreciation and amortization	47,413	40,694	32,507	1,171	121,786	(118)	121,668
Capital expenditure	89,205	79,353	60,955	1,216	230,730	(132)	230,598
Investments accounted for using equity method	27,177	2,146	3,051	2,870	35,245	-	35,245

The amounts of inter-segment sales or transfers are primarily based on market prices and manufacturing cost.
“Ceramics/Other” mainly handles ceramics products, logistics and financial services.

FY2019 (Jan.1 through Dec.31, 2019)

(Unit: millions of yen)

	Reportable segments			Ceramics/ Other	Total	Adjustments	Amount reported on consolidated financial statements
	Glass	Electronics	Chemicals				
Sales to external customers	740,920	265,215	474,417	37,485	1,518,039	-	1,518,039
Inter-segment sales or transfers	2,013	11,463	1,360	45,756	60,594	(60,594)	-
Total sales	742,934	276,678	475,778	83,241	1,578,633	(60,594)	1,518,039
Segment profit (loss) (Operating profit)	9,266	25,581	62,961	3,850	101,659	(34)	101,624
Profit for the year	-	-	-	-	-	-	55,515
Other items							
Depreciation and amortization	52,500	47,265	39,355	4,334	143,456	(94)	143,361
Capital expenditure	80,394	55,841	69,011	2,487	207,736	(75)	207,661
Investments accounted for using equity method	26,284	1,194	2,702	3,024	33,204	-	33,204

The amounts of inter-segment sales or transfers are primarily based on market prices and manufacturing cost.
“Ceramics/Other” mainly handles ceramics products, logistics and financial services.

6) Notes to Consolidated Statements of Profit or Loss

Other Income

(Unit: millions of yen)

	FY2018 (Jan. 1 through Dec. 31, 2018)	FY2019 (Jan. 1 through Dec. 31, 2019)
Foreign exchange gain	4,928	5,983
Gains on sale of non-current assets	4,143	2,241
Reversal of provisions for restructuring programs	1,250	805
Gain on sale of shares of subsidiaries	1,607	-
Others	3,243	3,713
Total	15,174	12,743

Other Expenses

(Unit: millions of yen)

	FY2018 (Jan. 1 through Dec. 31, 2018)	FY2019 (Jan. 1 through Dec. 31, 2019)
Losses on disposal of non-current assets	(5,327)	(4,705)
Impairment losses	(743)	(24,454)
Expenses for restructuring programs	(3,607)	(6,492)
Others	(3,551)	(2,713)
Total	(13,230)	(38,365)

7) Earnings Per Share

Basic earnings per share

Basic earnings per share and the basis for calculating basic earnings per share are as follows:

	FY2018 (Jan. 1 through Dec. 31, 2018)	FY2019 (Jan. 1 through Dec. 31, 2019)
Profit for the year attributable to owners of the parent (millions of yen)	89,593	44,434
Weighted average number of ordinary shares outstanding (thousands of shares)	224,259	221,232
Basic earnings per share (yen)	399.51	200.85

Diluted earnings per share

Diluted earnings per share and the basis for calculating diluted earnings per share are as follows:

	FY2018 (Jan. 1 through Dec. 31, 2018)	FY2019 (Jan. 1 through Dec. 31, 2019)
Profit for the year attributable to owners of the parent (millions of yen)	89,593	44,434
Adjustments to profit or loss used to calculate diluted earnings per share (millions of yen)	-	-
Profit or loss used to calculate diluted earnings per share (millions of yen)	89,593	44,434

Weighted average number of ordinary shares outstanding (thousands of shares)	224,259	221,232
Effects of dilutive potential ordinary shares		
Stock options based on subscription rights (thousands of shares)	1,087	994
Diluted weighted average number of ordinary shares outstanding (thousands of shares)	225,346	222,226

Diluted earnings per share (yen)	397.58	199.95
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8) Notes on Significant Subsequent Events

No items to report