

May 18, 2020
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 (Code Number: 5201; TSE 1st section)
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Consolidated Financial Results for the Three Months ended March 31, 2020 (IFRS basis)

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

1. Financial Results for the Three months ended March 31, 2020 (January 1 through March 31, 2020)

(1) Consolidated operating results

	For the Three months ended March 31, 2020		For the Three months ended March 31, 2019	
	Millions of yen	%	Millions of yen	%
Net sales	357,504	(1.1)	361,615	(2.9)
Operating profit	22,334	7.0	20,870	(31.9)
Profit before tax	15,943	(32.1)	23,488	(31.8)
Profit for the period	13,340	(25.9)	18,011	(34.1)
Profit for the period attributable to owners of the parent	13,534	(13.4)	15,620	(37.0)
Total comprehensive income for the period	(76,746)	-	32,846	-
Basic earnings per share (yen)	61.17		70.62	
Diluted earnings per share (yen)	60.91		70.29	

(2) Consolidated financial position

	FY2020 first quarter (as of March 31, 2020)	FY2019 (as of December 31, 2019)
Total assets (millions of yen)	2,276,277	2,335,415
Total equity (millions of yen)	1,194,491	1,282,636
Equity attributable to owners of the parent (millions of yen)	1,073,120	1,157,097
Equity attributable to owners of the parent ratio (%)	47.1	49.5

2. Dividends

(Unit: yen)

	FY2019	FY2020	FY2020 (forecast)
End of first quarter	-	-	-----
End of second quarter	60.00	-----	-
End of third quarter	-	-----	-
End of fiscal year	60.00	-----	-
Total	120.00	-----	-

Note: Revision of the dividends forecast from the latest official forecast: Yes

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

	First half		Full year	
	Millions of yen	%	Millions of yen	%
Net sales	650,000	(11.9)	-	-
Operating profit	25,000	(39.7)	-	-
Profit before tax	-	-	-	-
Profit for the year	-	-	-	-
Profit for the year attributable to owners of the parent	-	-	-	-
Basic earnings per share (yen)	-	-	-	-

Note: Revision of the forecast for FY2020 consolidated operating results from the latest official forecast: Yes
The forecast for the six months ending June 30, 2020 consists of forecast net sales and operating profit only.

(Financial forecast and Dividend forecast)

Due to the global spread of COVID-19, there are many undetermined factors that may affect the AGC Group's performance at this time, and it is difficult to make a reasonable calculation of financial forecasts. Therefore, the AGC Group has temporarily withdrawn its full-year consolidated financial and dividend forecasts which were announced on February 5, 2020 and will disclose them again when reasonable forecasts become available. The consolidated financial forecast for the first half of the fiscal year ending June 30, 2020 has been calculated based on the information currently available to the AGC Group, based on the assumption that economic activity will continue to be suppressed in many countries and regions due to the impact of the spread of COVID-19.

*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: No

Note: For details, please refer to "1. Condensed Interim Consolidated Financial Statements (IFRS) (5) Notes to the Condensed Interim Consolidated Financial Statements, (Changes in Accounting Policies)" on page 11.

(3) Number of shares issued (common stock)

- i. Number of shares issued (including treasury stock) at the end of the period

-FY2020 first quarter (as of March 31, 2020):	227,441,381
-FY2019 (as of December 31, 2019):	227,441,381
- ii. Number of treasury stock at the end of the period

-FY2020 first quarter (as of March 31, 2020):	5,844,373
-FY2019 (as of December 31, 2019):	5,870,670
- iii. Average number of shares issued during the period

-For the three months ended March 31, 2020:	221,269,659
-For the three months ended March 31, 2019:	221,199,221

*This interim consolidated financial statement is outside the scope of quarterly review procedures.

*Appropriate Use of Forecast and Other Information and Other Matters

The above forecast is the assumptions of the Group's management on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are advised 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.

*Supplementary Materials for the Quarterly Financial Results

Supplementary materials are available on our website.

(Attached Documents)

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1. Condensed Interim Consolidated Financial Statements (IFRS)

(1) Condensed Interim Consolidated Statements of Financial Position

(Unit: millions of yen)

	FY2019 (as of December 31, 2019)	FY2020 first quarter (as of March 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	113,784	163,363
Trade receivables	264,102	238,914
Inventories	291,224	290,045
Other receivables	46,387	50,601
Income tax receivables	6,849	7,355
Other current assets	20,263	20,208
Total current assets	742,612	770,489
Non-current assets		
Property, plant and equipment	1,177,691	1,149,092
Goodwill	103,946	101,094
Intangible assets	69,964	66,946
Investments accounted for using equity method	33,204	33,290
Other financial assets	138,053	108,814
Deferred tax assets	21,297	26,488
Other non-current assets	48,644	20,062
Total non-current assets	1,592,802	1,505,788
Total assets	2,335,415	2,276,277

(Unit: millions of yen)

	FY2019 (as of December 31, 2019)	FY2020 first quarter (as of March 31, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	152,502	135,785
Short-term interest-bearing debt	78,439	166,179
Long-term interest-bearing debt due within one year	80,101	76,539
Other payables	140,722	153,165
Income tax payables	8,867	6,675
Provisions	3,968	2,914
Other current liabilities	17,887	23,222
Total current liabilities	482,490	564,482
Non-current liabilities		
Long-term interest-bearing debt	444,301	407,347
Deferred tax liabilities	41,846	28,903
Post-employment benefit liabilities	62,454	59,194
Provisions	8,286	7,625
Other non-current liabilities	13,399	14,233
Total non-current liabilities	570,288	517,304
Total liabilities	1,052,778	1,081,786
Equity		
Share capital	90,873	90,873
Capital surplus	92,593	92,587
Retained earnings	811,589	812,265
Treasury shares	(28,468)	(28,346)
Other components of equity	190,510	105,739
Total equity attributable to owners of the parent	1,157,097	1,073,120
Non-controlling interests	125,538	121,371
Total equity	1,282,636	1,194,491
Total liabilities and equity	2,335,415	2,276,277

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

(Condensed Interim Consolidated Statements of Profit or Loss)

(Unit: millions of yen)

	For the three months ended March 31, 2019 (Jan. 1 through Mar. 31, 2019)	For the three months ended March 31, 2020 (Jan. 1 through Mar. 31, 2020)
Net sales	361,615	357,504
Cost of sales	(267,241)	(262,458)
Gross profit	94,373	95,046
Selling, general and administrative expenses	(74,161)	(72,897)
Share of profit (loss) of associates and joint ventures accounted for using equity method	658	185
Operating profit	20,870	22,334
Other income	5,437	454
Other expenses	(2,587)	(5,580)
Business profit	23,721	17,208
Finance income	3,405	1,200
Finance costs	(3,638)	(2,465)
Net finance costs	(233)	(1,264)
Profit before tax	23,488	15,943
Income tax expenses	(5,476)	(2,603)
Profit for the period	18,011	13,340
Attributable to:		
Owners of the parent	15,620	13,534
Non-controlling interests (loss)	2,391	(194)
Earnings per share		
Basic earnings per share (yen)	70.62	61.17
Diluted earnings per share (yen)	70.29	60.91

(Condensed Interim Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

	For the three months ended March 31, 2019 (Jan. 1 through Mar. 31, 2019)	For the three months ended March 31, 2020 (Jan. 1 through Mar. 31, 2020)
Profit for the period	18,011	13,340
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)	4,927	(15,426)
Net gain (loss) on revaluation of financial assets measured at FVTOCI ^(Note)	5,914	(20,699)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(20)	0
Total	10,821	(36,126)
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	(580)	(866)
Exchange differences on translation of foreign operations	4,593	(53,094)
Total	4,013	(53,960)
Other comprehensive income, net of tax	14,834	(90,086)
Total comprehensive income for the period	32,846	(76,746)
Attributable to:		
Owners of the parent	29,492	(70,734)
Non-controlling interests	3,354	(6,012)

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

(3) Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended March 31, 2019

(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, 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 period	-	-	15,620	-	-	-
Other comprehensive income	-	-	-	-	4,982	5,911
Total comprehensive income for the period	-	-	15,620	-	4,982	5,911
Transactions with owners						
Dividends	-	-	(13,289)	-	-	-
Acquisition of treasury shares	-	-	-	(3)	-	-
Disposal of treasury shares	-	-	(38)	104	-	-
Transfer from other components of equity to retained earnings	-	-	398	-	-	(398)
Share-based payment transactions	-	1	-	-	-	-
Others (business combinations and others)	-	(117)	-	-	-	-
Total transactions with owners	-	(116)	(12,929)	101	-	(398)
Balance as of March 31, 2019	90,873	94,252	776,282	(28,719)	(32,785)	75,801

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

For the three months ended March 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 period	-	-	-	15,620	2,391	18,011
Other comprehensive income	(557)	3,534	13,871	13,871	962	14,834
Total comprehensive income for the period	(557)	3,534	13,871	29,492	3,354	32,846
Transactions with owners						
Dividends	-	-	-	(13,289)	(649)	(13,938)
Acquisition of treasury shares	-	-	-	(3)	-	(3)
Disposal of treasury shares	-	-	-	65	-	65
Transfer from other components of equity to retained earnings	-	-	(398)	-	-	-
Share-based payment transactions	-	-	-	1	-	1
Others (business combinations and others)	-	-	-	(117)	(301)	(418)
Total transactions with owners	-	-	(398)	(13,343)	(950)	(14,293)
Balance as of March 31, 2019	(453)	177,934	220,496	1,153,184	118,685	1,271,870

For the three months ended March 31, 2020

(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, 2020	90,873	92,593	811,589	(28,468)	(31,445)	55,786
Changes in equity						
Comprehensive income						
Profit for the period	-	-	13,534	-	-	-
Other comprehensive income	-	-	-	-	(15,531)	(20,695)
Total comprehensive income for the period	-	-	13,534	-	(15,531)	(20,695)
Transactions with owners						
Dividends	-	-	(13,294)	-	-	-
Acquisition of treasury shares	-	-	-	(4)	-	-
Disposal of treasury shares	-	-	(65)	127	-	-
Transfer from other components of equity to retained earnings	-	-	501	-	-	(501)
Share-based payment transactions	-	(0)	-	-	-	-
Others (business combinations and others)	-	(5)	-	-	-	-
Total transactions with owners	-	(5)	(12,858)	122	-	(501)
Balance as of March 31, 2020	90,873	92,587	812,265	(28,346)	(46,976)	34,588

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

For the three months ended March 31, 2020

(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, 2020	(665)	166,833	190,510	1,157,097	125,538	1,282,636
Changes in equity						
Comprehensive income						
Profit for the period	-	-	-	13,534	(194)	13,340
Other comprehensive income	(782)	(47,258)	(84,268)	(84,268)	(5,817)	(90,086)
Total comprehensive income for the period	(782)	(47,258)	(84,268)	(70,734)	(6,012)	(76,746)
Transactions with owners						
Dividends	-	-	-	(13,294)	(1,694)	(14,988)
Acquisition of treasury shares	-	-	-	(4)	-	(4)
Disposal of treasury shares	-	-	-	61	-	61
Transfer from other components of equity to retained earnings	-	-	(501)	-	-	-
Share-based payment transactions	-	-	-	(0)	-	(0)
Others (business combinations and others)	-	-	-	(5)	3,539	3,533
Total transactions with owners	-	-	(501)	(13,243)	1,844	(11,398)
Balance as of March 31, 2020	(1,448)	119,575	105,739	1,073,120	121,371	1,194,491

(4) Condensed Interim Consolidated Statements of Cash Flows

(Unit: millions of yen)

	For the three months ended March 31, 2019 (Jan. 1 through Mar. 31, 2019)	For the three months ended March 31, 2020 (Jan. 1 through Mar. 31, 2020)
Cash flows from operating activities		
Profit before tax	23,488	15,943
Depreciation and amortization	33,512	36,618
Impairment losses	-	8
Interest and dividend income	(2,362)	(1,175)
Interest expenses	2,952	2,221
Share of profit (loss) of associates and joint ventures accounted for using equity method	(658)	(185)
Loss (gain) on sale or disposal of non-current assets	87	546
Decrease (increase) in trade receivables	8,165	19,967
Decrease (increase) in inventories	(8,707)	(8,325)
Increase (decrease) in trade payables	(13,665)	(12,775)
Others	21,863	19,090
Subtotal	64,675	71,935
Interest and dividends received	2,172	1,285
Interest paid	(3,213)	(2,332)
Income taxes paid	(7,800)	(6,533)
Net cash from operating activities	55,834	64,355
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(43,841)	(36,697)
Proceeds from sale of property, plant and equipment	1,254	962
Purchase of other financial assets	(609)	(14,154)
Proceeds from sale and redemption of other financial assets	937	1,447
Purchase of subsidiaries or other businesses	(7,052)	(681)
Others	1,425	(266)
Net cash used in investing activities	(47,885)	(49,389)
Cash flows from financing activities		
Changes in short-term interest-bearing debt	28,461	89,172
Proceeds from borrowing or issuing long-term interest-bearing debt	45,344	11,057
Repayment or redemption of long-term interest-bearing debt	(52,547)	(47,974)
Proceeds from non-controlling interests	-	3,540
Acquisition of treasury shares	(3)	(4)
Dividends paid	(13,289)	(13,294)
Dividends paid to non-controlling interests	(649)	(1,694)
Others	0	3
Net cash used in financing activities	7,315	40,806
Effect of exchange rate changes on cash and cash equivalents	788	(6,193)
Net increase (decrease) in cash and cash equivalents	16,053	49,578
Cash and cash equivalents at the beginning of the period	123,503	113,784
Cash and cash equivalents at the end of the period	139,557	163,363

(5) Notes to the Condensed Interim Consolidated Financial Statements

(Changes in Accounting Policies)

The significant accounting policies adopted for the Group's Condensed Interim Consolidated Financial Statements are the same as those for the Consolidated Financial Statements for the fiscal year ended December 31, 2019, with the exception of the items described below.

The following are the accounting standards applied by the Group from fiscal year 2020, in compliance with each transitional provision. The effect of the application of the following standards on the Group's Condensed Interim Consolidated Financial Statements is immaterial.

IFRS	Title	Summaries of new IFRS and amendments
IFRS 3 (amended in October 2018)	Business Combinations	Clarification of the definition of a business
IAS 1 IAS 8 (amended in October 2018)	Presentation of Financial Statements Accounting Policies, Change in Accounting Estimates and Errors	Clarification of the definition of materiality

"Operating profit" in the Group's Condensed Interim Consolidated Statements of Profit or Loss is an indicator that facilitates continuous comparisons and evaluations of the Group's business performance. Main items of "other income" and "other expenses" are foreign exchange gains and losses, gains on sale of non-current assets, losses on disposal of non-current assets, impairment losses and expenses for restructuring programs. "Business profit" includes all income and expenses before finance income, finance costs and income tax expenses.

The Group calculated income tax expenses for the three months ended March 31, 2020, based on the estimated average annual effective tax rate.

(Changes in Accounting Estimates)

In preparing the Group's Condensed Interim Consolidated Financial Statements, judgments, estimates and assumptions are made that affect the reported amounts of assets, liabilities, income and expenses. Therefore accounting estimates could differ from actual results.

Estimates and assumptions that have a significant effect on the amounts recognized in the Group's condensed interim consolidated financial statements are in principle the same as the preceding fiscal year.

Estimates and their assumptions are reviewed continuously. The effect of reviewing estimates and assumptions are recognized in the period in which those estimates and assumptions were reviewed and in future periods.

(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.

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, Optoelectronics 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.

For the three months ended March 31, 2019 (January 1 through March 31, 2019)

(Unit: millions of yen)

	Reportable segments			Ceramics/ Other	Total	Adjustments	Amount reported on condensed interim consolidated statements of profit or loss
	Glass	Electronics	Chemicals				
Sales to external customers	185,779	55,815	112,403	7,615	361,615	-	361,615
Inter-segment sales or transfers	361	3,615	311	10,929	15,217	(15,217)	-
Total sales	186,141	59,430	112,715	18,545	376,832	(15,217)	361,615
Segment profit (loss) (Operating profit)	3,495	2,475	14,409	556	20,936	(65)	20,870
Profit for the period	-	-	-	-	-	-	18,011

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.

For the three months ended March 31, 2020 (January 1 through March 31, 2020)

(Unit: millions of yen)

	Reportable segments			Ceramics/ Other	Total	Adjustments	Amount reported on condensed interim consolidated statements of profit or loss
	Glass	Electronics	Chemicals				
Sales to external customers	169,010	67,080	113,799	7,613	357,504	-	357,504
Inter-segment sales or transfers	330	2,161	364	12,108	14,965	(14,965)	-
Total sales	169,341	69,242	114,164	19,721	372,470	(14,965)	357,504
Segment profit (loss) (Operating profit)	(2,580)	8,869	15,120	911	22,322	12	22,334
Profit for the period	-	-	-	-	-	-	13,340

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.

(Notes to Other Income and Other Expenses)

Other Income

(Unit: millions of yen)

	For the three months ended March 31, 2019 (Jan. 1 through Mar. 31, 2019)	For the three months ended March 31, 2020 (Jan. 1 through Mar. 31, 2020)
Foreign exchange gain	3,120	-
Gains on sale of non-current assets	543	-
Others	1,773	454
Total	5,437	454

Other Expenses

(Unit: millions of yen)

	For the three months ended March 31, 2019 (Jan. 1 through Mar. 31, 2019)	For the three months ended March 31, 2020 (Jan. 1 through Mar. 31, 2020)
Foreign exchange loss	-	(3,427)
Losses on disposal of non-current assets	(631)	(509)
Expenses for restructuring programs	(1,205)	(243)
Others	(750)	(1,399)
Total	(2,587)	(5,580)

(Notes on Significant Subsequent Events)

No items to report