

Financial Results for the Three Months ended March 31, 2016

May 9, 2016

AGC ASAHI GLASS

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Financial Results for the Three Months ended March 31, 2016

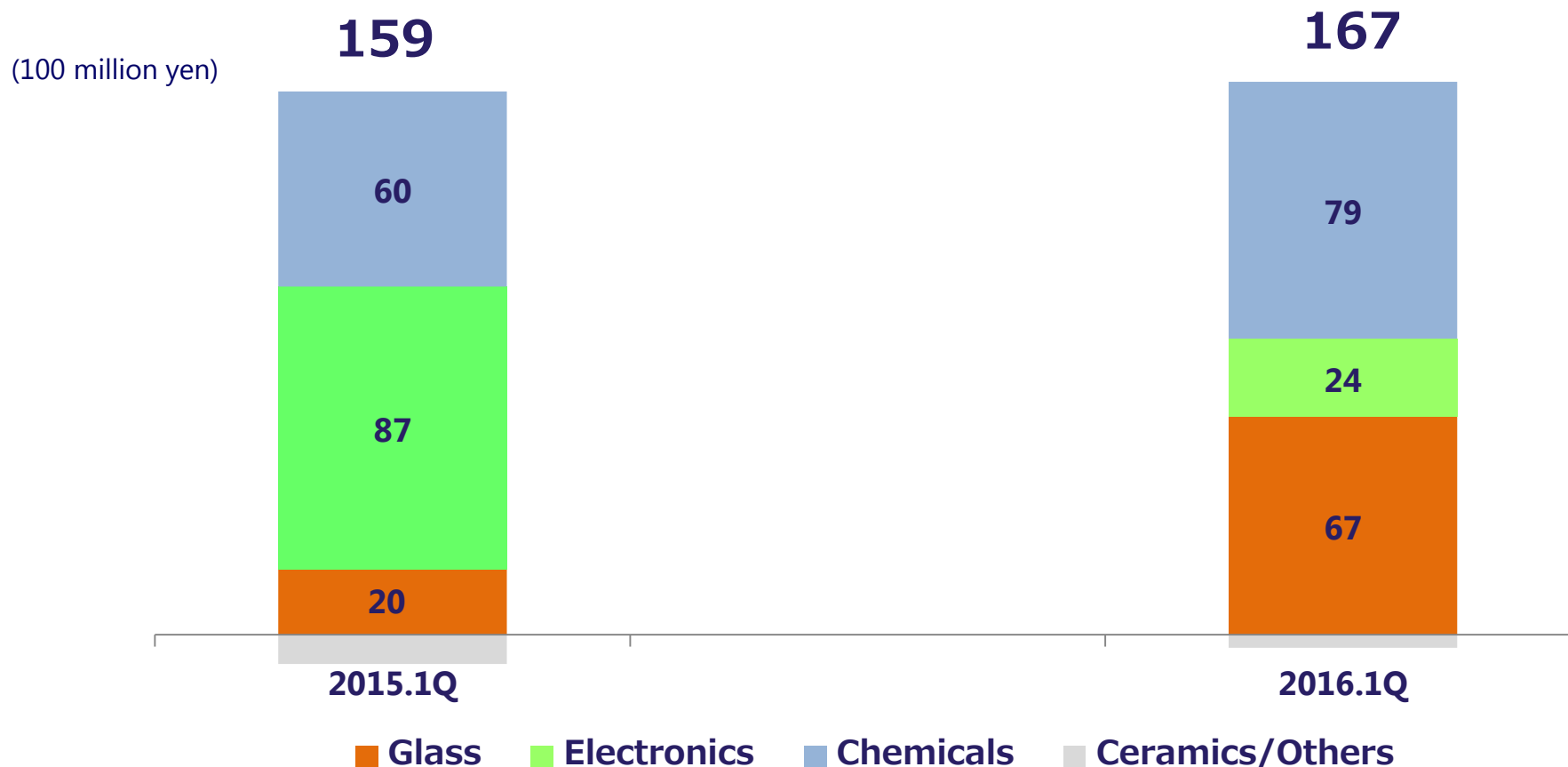
1. Highlights of the Financial Results

Net sales	308 billion yen (down 17.6 billion yen YoY)
Operating profit	16.7 billion yen (up 0.8 billion yen YoY)
Profit for the period attributable to owners of the parent	8.8 billion yen (up 4.2 billion yen YoY)

- ✓ **Net sales down due to the price decline of some products, the strong yen, etc.**
- ✓ **OP up owing to (i) price hike of architectural glass, (ii) increased shipments of automotive glass and (iii) cost down efforts and a decline of raw materials and fuel prices, etc., although it was affected by decreased shipments and price decline of LCD glass substrates.**
- ✓ **Profit for the period attributed to owners of the parent up thanks to the decrease in foreign exchange loss and income tax expenses.**

[1Q Operating profit trend]

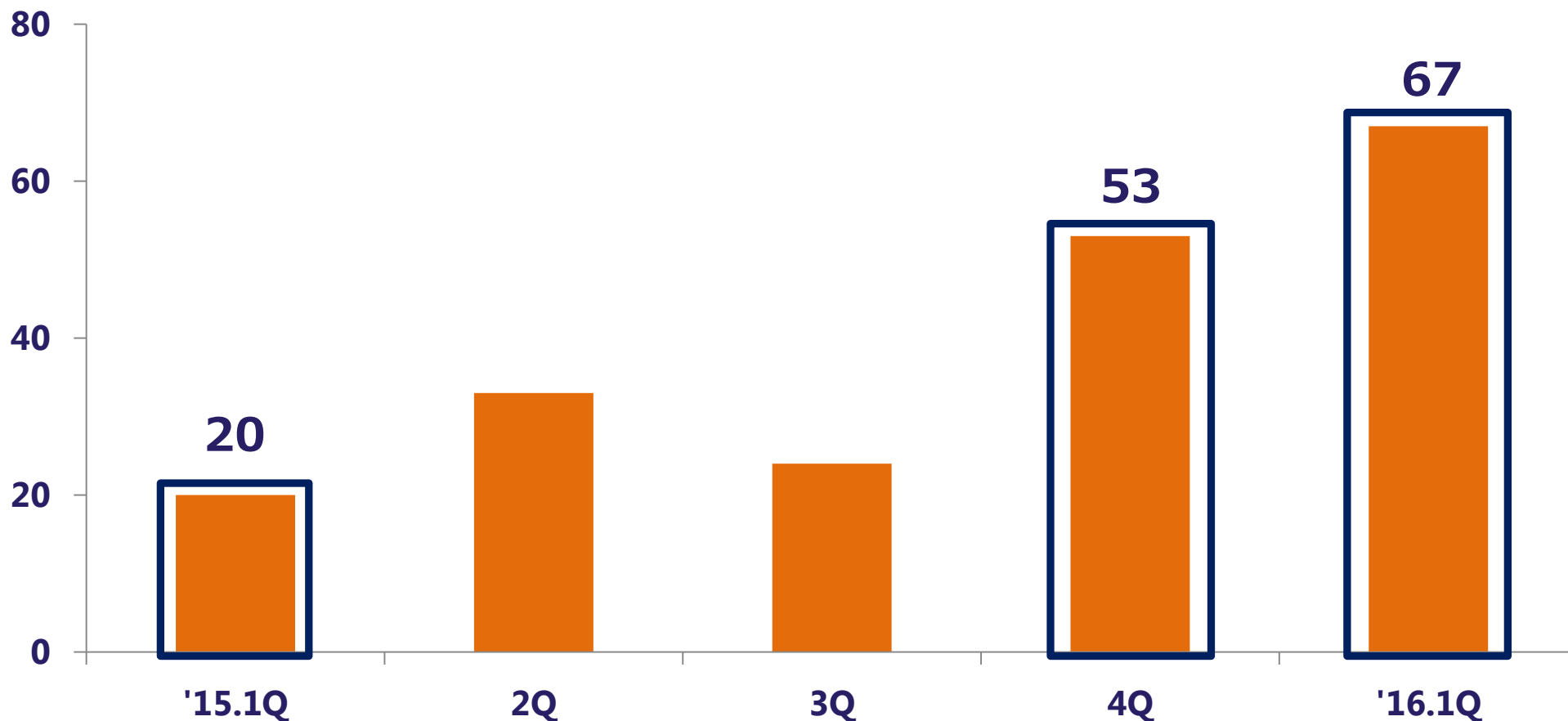
◆ Achieved OP up as OP down in the Electronics business was offset by OP up in the Glass and Chemicals businesses



[Operating profit trend: Glass]

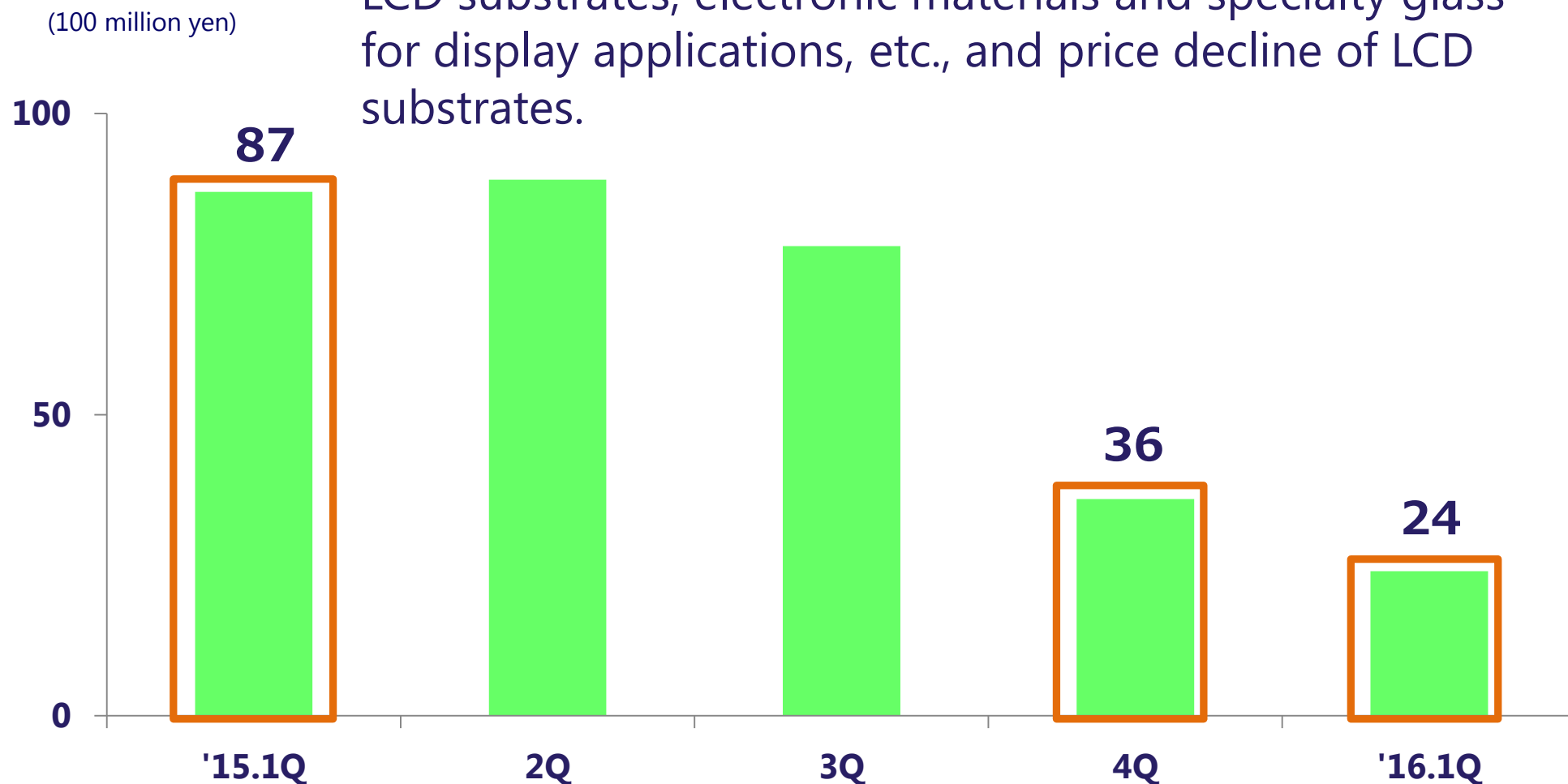
◆ Achieved significant YoY increase in OP. OP was up QoQ as well.

(100 million yen)



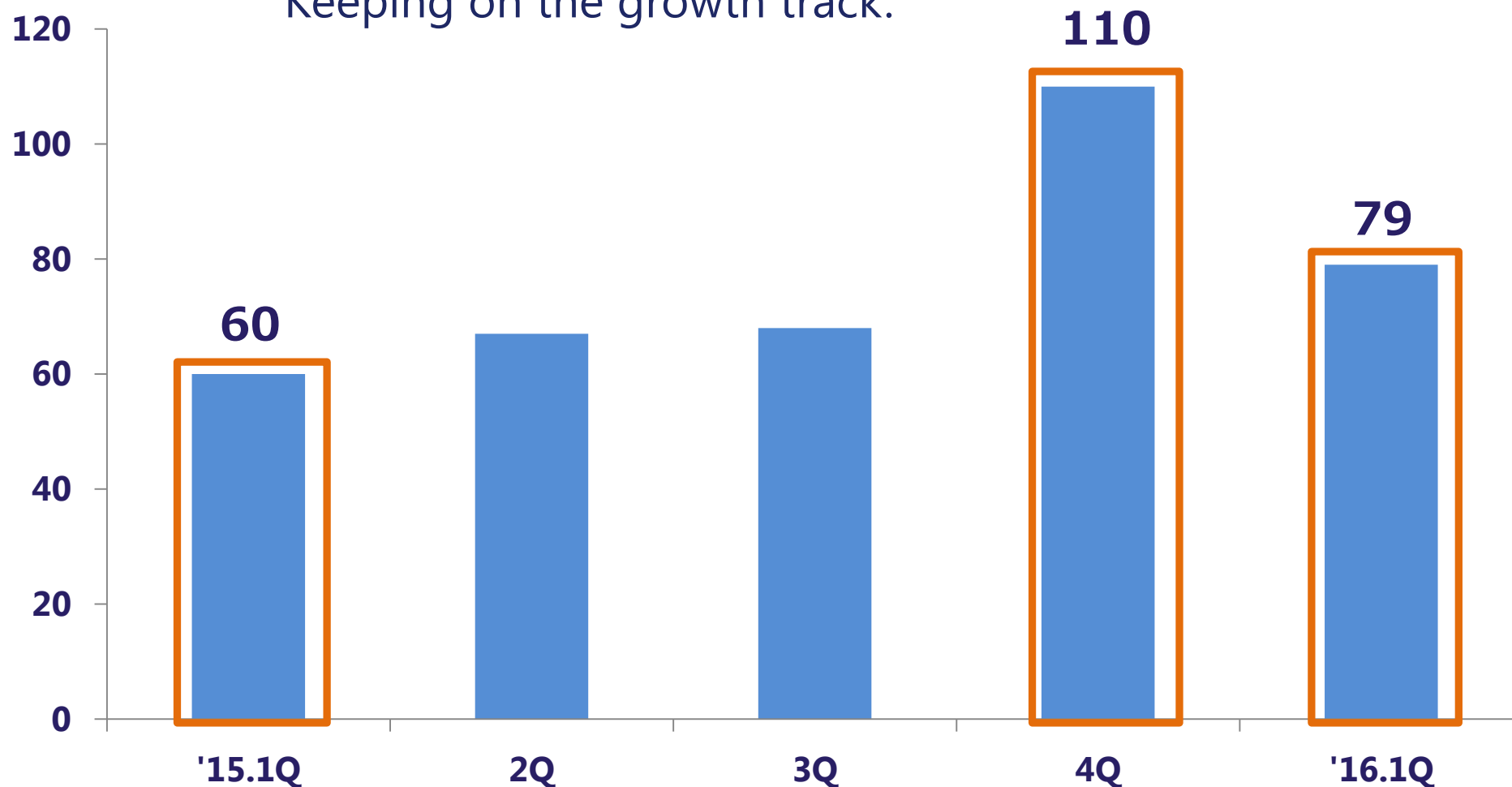
[Operating profit trend: Electronics]

- ◆ OP down YoY and QoQ due to decrease in shipments of LCD substrates, electronic materials and specialty glass for display applications, etc., and price decline of LCD substrates.



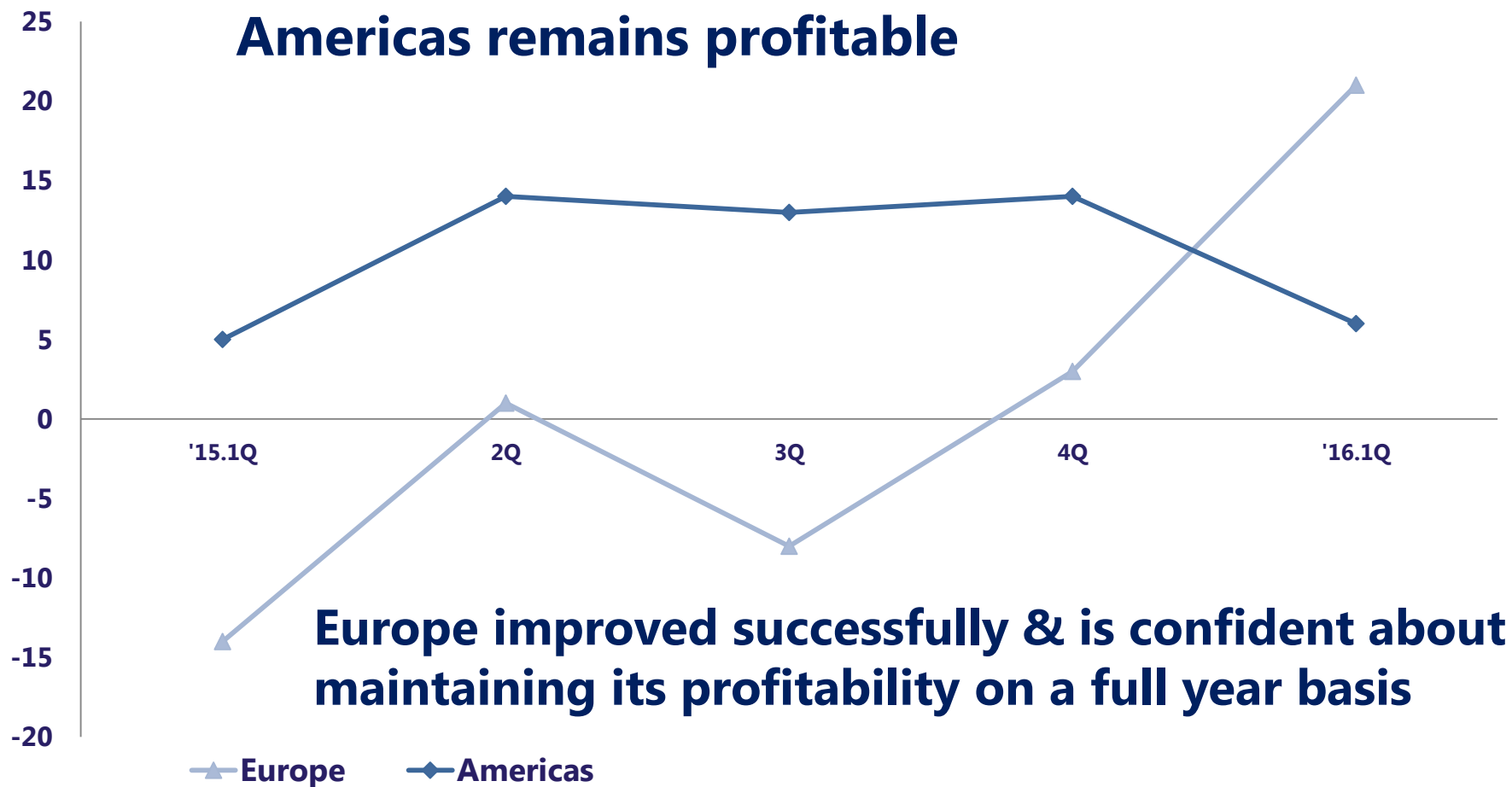
[Operating profit trend: Chemicals]

(100 million yen) ◆ OP down QoQ due to the seasonality, but OP up YoY.
Keeping on the growth track.



[Operating profit trend: Europe & Americas]

(100 million yen)



Summary of the Financial Results



(100 million yen)

		FY2015 1Q	FY2016 1Q	Change	Change %
Net sales		3,256	3,080	-176	-5.4%
Operating profit		159	167	+8	+4.9%
Profit before tax		105	129	+24	+22.4%
Profit for the period attributable to owners of the parent		46	88	+42	+91.2%
Operating profit margin		4.9%	5.4%		
ROE		1.7%	3.3%		
Forex (Average)	JPY/USD	119.09	115.48		
	JPY/EUR	134.18	127.23		
Crude oil	\$/BBL(Dubai)	52.2	30.9		

Consolidated Statements of Profit or Loss



1Q (100 million yen)

	FY2015	FY2016	Change
Net sales	3,256	3,080	-176*
Operating profit	159	167	+8
Other income/expenses	-42	-22	
Business profit	117	145	+28
Financial income/cost	-12	-16	
Profit before tax	105	129	+24
income tax expenses	54	31	
Profit for the period	51	98	+46
attributable to owners of the parent	46	88	+42
attributable to non-controlling interests	5	9	

* Foreign exchange fluctuation resulted in -12.1 billion yen in Net sales in 1Q.

Variance Analysis on OP(1Q.FY2016 vs. 1Q.FY2015) **AGC**

¥0.8 bn. up from the same period last year

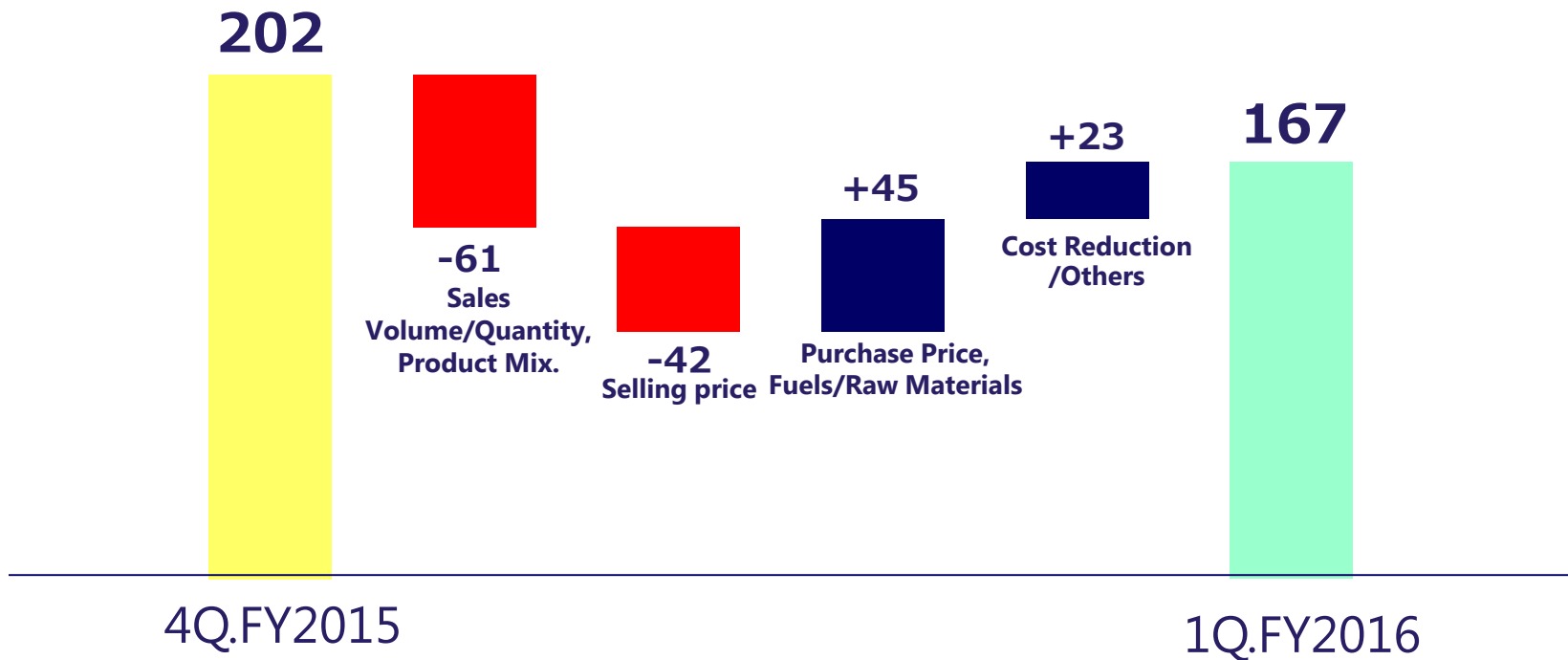
(100 million yen)



Variance Analysis on OP(1Q.FY2016 vs. 4Q.FY2015) **AGC**

¥3.5 bn. down from last quarter

(100 million yen)



Consolidated Statement of Financial Position



(100 million yen)

	2015/12	2016/3	Change
Cash and cash equivalents	1,048	1,101	+53
Inventories	2,354	2,356	+2
Property, plant and equipment, Goodwill and Intangible assets	10,440	10,115	-324
Other assets	6,071	5,473	-598
Total assets	19,913	19,045	-868*
Interest-bearing debt	4,687	4,588	-99
Other liabilities	3,588	3,498	-90
Liabilities	8,275	8,086	-189
Total equity attributable to owners of the parent	10,942	10,286	-655
Non-controlling interests	696	672	-24
Equity	11,638	10,959	-679
Total liabilities and equity	19,913	19,045	-868*
D/E ratio	0.40	0.42	

* -12.1 billion yen due to foreign exchange fluctuation

Consolidated Statement of Cash Flow



(100 million yen)

	FY2015 1Q	FY2016 1Q
Profit before tax	105	129
Depreciation and amortization expense	338	314
Increase(decrease) in working capital	92	1
Others	14	71
Cash flows from operating activities	550	516
Cash flows from investing activities	-247	-312
Free cash flow	303	203
Changes in interest-bearing debt	-135	-25
Dividend paid	-104	-104
Others	5	-8
Cash flows from financing activities	-235	-137
Effect of exchange rate changes on cash and cash equivalents	19	-13
Net increase(decrease) in cash and cash equivalents	88	53

(100 million yen)

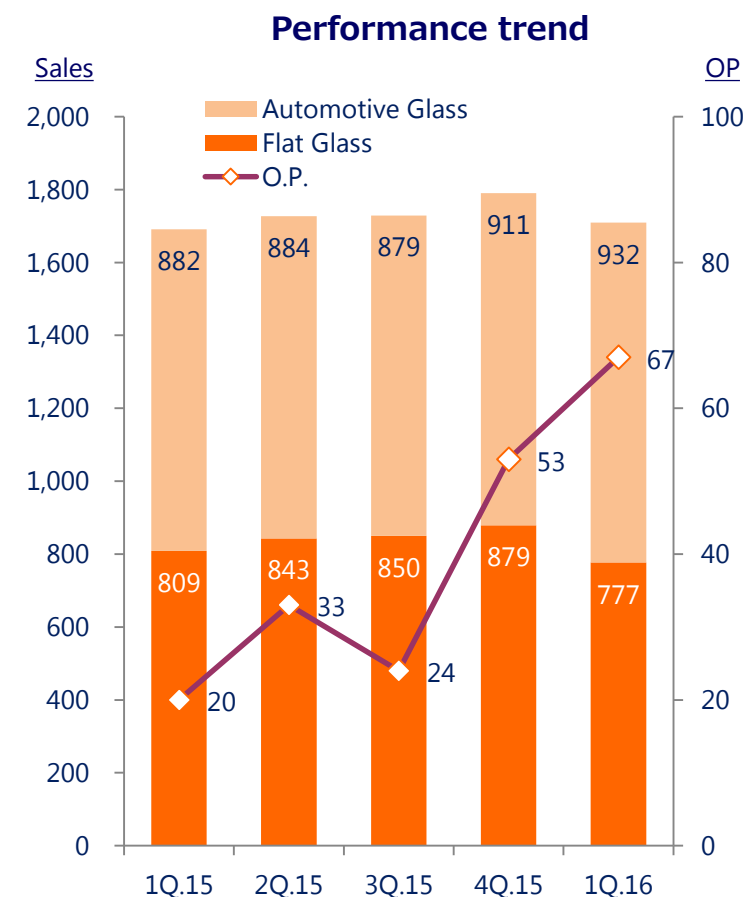
	FY2015 1Q	FY2016 1Q
CAPEX	252	317
Depreciation	338	314
R&D	100	96

2. Information by Business and Geographic Segment

■ Significant YoY & QoQ increase in OP thanks to earnings improvement in Europe.

	1Q				
	FY2015	FY2016	Change		
Net Sales	1,691	1,709	+18		
Operating profit	20	67	+47		
Breakdown of sales	Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	1,709	732	313	702	-39
Flat glass	777	283	110	417	-33
Automotive glass	932	454	202	286	-9
Adjustment inside segment	-1	-4	-0	-0	+3

(100 million yen)



【YoY comparison for the first three months】

[Architectural Glass]

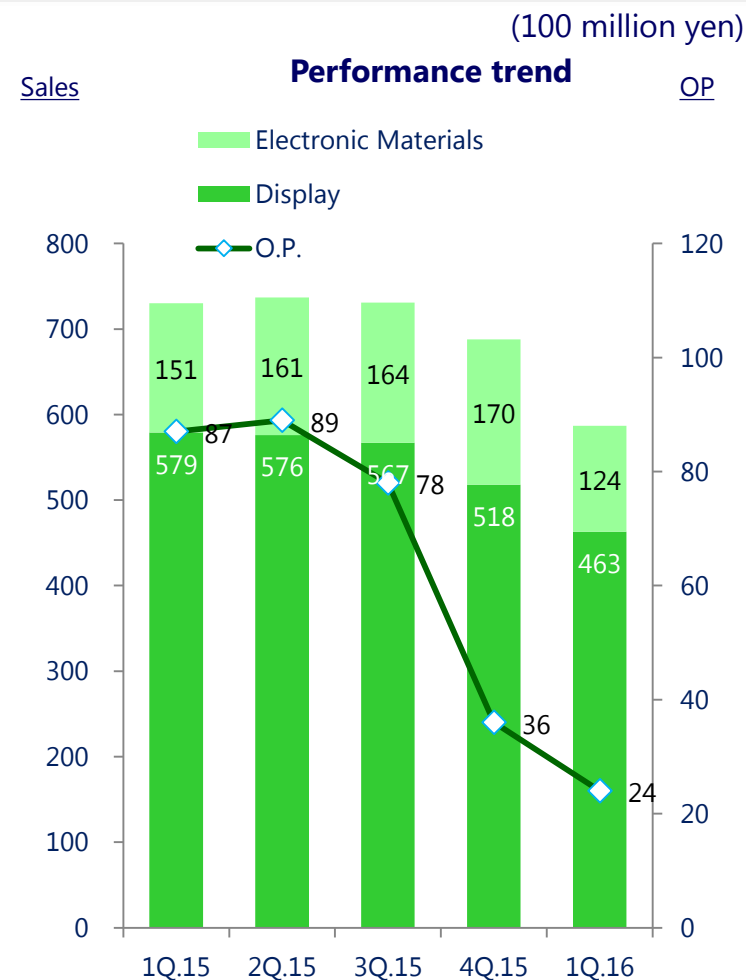
- Japan : Shipments remained strong.
- Americas : Shipments remained strong.
- Europe : Demand increased in Western and Central Europe, but remained sluggish in Eastern Europe.
- Sales price increased in many regions.

[Automotive Glass]

- Auto production remained strong on the whole, although it was decreased in Japan and some emerging countries.
Consequently, AGC Group's shipments increased.

■ OP down due to the decrease in shipments of main products and the price decline of LCD substrates.

	1Q		
	FY2015	FY2016	Change
Net Sales	730	587	-143
Operating profit	87	24	-64
Breakdown of Sales			
Display	463		
Electronic Materials	124		



【YoY comparison for the first three months】

[Display]

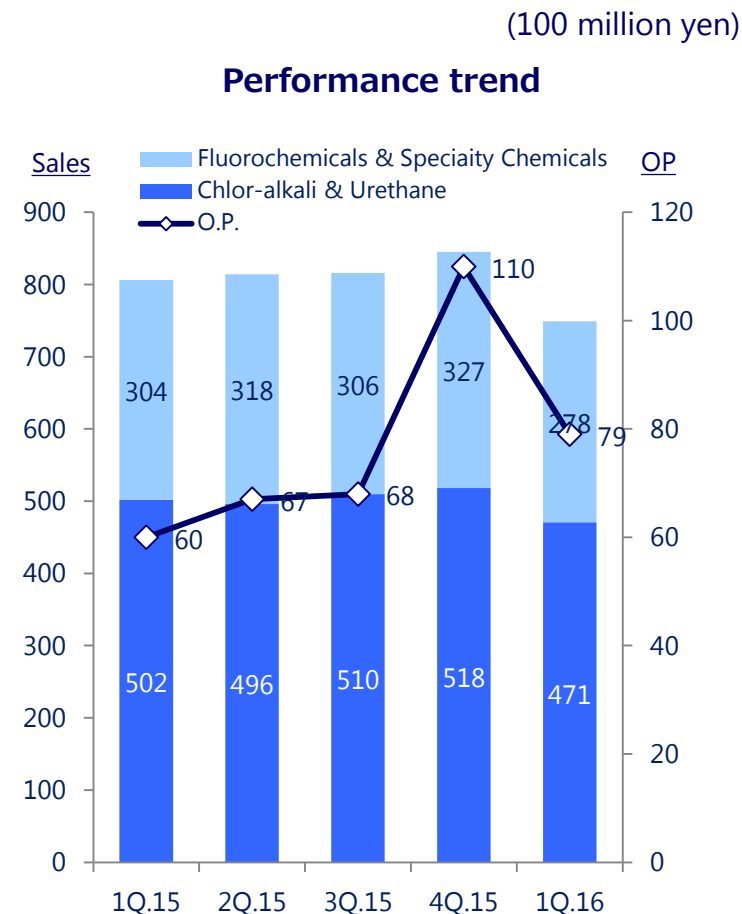
- Shipments of LCD glass substrates decreased as affected by customers' production adjustment. In addition, sales price decreased.
- Shipments of specialty glass for display applications decreased as affected by a slowdown of smartphone market. Shipments for automotive use increased.
- Shipment of glass for solar power system decreased.

[Electronic Materials]

- Shipments of optoelectronics materials decreased.

■ **OP down compared with seasonally strong 4Q, but showed a steady improvement on a YoY basis.**

	1Q		
	FY2015	FY2016	Change
Net sales	785	726	-59
Operating profit	60	79	+19
Breakdown of sales			
Chlor-alkali & Urethane		471	
Fluorochemicals & Specialty Chemicals		278	
Elimination		-23	



【YoY comparison for the first three months】

〔Chlor-alkali & Urethane〕

- Shipments in Southeast Asia increased.
- Prices of some products declined as affected by the international market.
- OP margin and operating profit increased thanks to decline of raw materials and fuel prices.

〔Fluorochemicals & Specialty Chemicals〕

- Shipments declined in some products.

YoY Performance Comparison by Business Segment



(100 million yen)

	1Q. FY2015	1Q. FY2016	Change	Change (%)
Net sales	3,256	3,080	-176	-5.4%
Glass	1,691	1,709	+18	+1.1%
Electronics	730	587	-143	-19.6%
Chemicals	785	726	-59	-7.5%
Ceramics/Other	139	168	+29	+21.1%
Elimination	-88	-110	-21	-
Operation profit	159	167	+8	+4.9%
Glass	20	67	+47	+237.2%
Electronics	87	24	-64	-72.8%
Chemicals	60	79	+19	+31.5%
Ceramics/Other	-9	-4	+5	-
Elimination	0	0	0	-

Quarterly Performance Comparison by Business Segment

(100 million yen)

	4Q. FY2015	1Q. FY2016	Change	Change(%)
Net sales	3,367	3,080	-287	-8.5%
Glass	1,781	1,709	-73	-4.1%
Electronics	687	587	-100	-14.6%
Chemicals	820	726	-94	-11.4%
Ceramics/Other	204	168	-36	-17.8%
Elimination	-125	-110	+16	-
Operating profit	202	167	-35	-17.1%
Glass	53	67	+14	+25.6%
Electronics	36	24	-13	-34.9%
Chemicals	110	79	-30	-27.4%
Ceramics/Other	3	-4	-6	-
Elimination	-1	0	+1	-

YoY Performance Comparison by Geographic Segment



(100 million yen)

	1Q. FY2015	1Q. FY2016	Change	Change(%)
Net Sales	3,256	3,080	-176	-5.4%
Japan/Asia	2,272	2,052	-219	-9.7%
Americas	377	383	+6	+1.7%
Europe	747	739	-8	-1.1%
Elimination	-139	-94	+45	-
Operation profit	159	167	+8	+4.9%
Japan/Asia	247	206	-41	-16.6%
Americas	5	6	+2	+34.9%
Europe	-14	21	+35	-
Elimination	-4	4	+8	-
Cross regional common expenses	-75	-70	+5	-

Quarterly Performance Comparison by Geographic Segment **AGC**

	4Q. FY2015	1Q. FY2016	Change	(100 million yen) Change(%)
Net Sales	3,367	3,080	-287	-8.5%
Japan/Asia	2,350	2,052	-298	-12.7%
Americas	371	383	+12	+3.2%
Europe	755	739	-16	-2.1%
Elimination	-109	-94	+15	-
Operation profit	202	167	-35	-17.1%
Japan/Asia	258	206	-52	-20.1%
Americas	14	6	-7	-54.4%
Europe	3	21	+18	+637.2%
Elimination	-1	4	+5	-
Cross regional common expenses	-72	-70	+2	-

The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1Q.FY2015)



Net sales	(100 million yen)			
	Consolidated total*	Glass	Electronics	Chemicals
1Q. FY2016	3,080	1,709	587	726
Change vs. 1Q. FY2015	-176	+18	-143	-59
Change like-for-like vs. 1Q. FY2015	-83	+81	-135	-39
Impact of FOREX	-121	-91	-8	-20
Impact of Change in the Scope of Consolidation	+28	+28	-	-

* 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

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

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

* () 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 stagnation might persist in Eastern Europe.

● Automotive Glass

Shipments are expected to remain stable on the whole despite a possible slowdown of automobile demand in some emerging countries.

〔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.

The price decline of LCD glass substrates is expected to diminish toward the second half of the fiscal year. On a full-year basis, the price decline might be at the same level as the previous year.

- Shipments of specialty glass for display applications are expected to increase on a full-year basis, although the outlook of the smartphone market for electric device applications are unclear.

Shipments for automotive applications are likely to increase.

- Shipments of optoelectronics materials are likely to decrease during the first half of the fiscal year, and will recover from the second half of the fiscal year. Shipments of semiconductor-related products are likely to be strong.

[Chemicals]

- New production facilities in Indonesia started production in 1Q as we expected. As a result, shipments of chlor-alkali products are expected to increase significantly.
- Shipments of fluorine products are likely to remain strong.

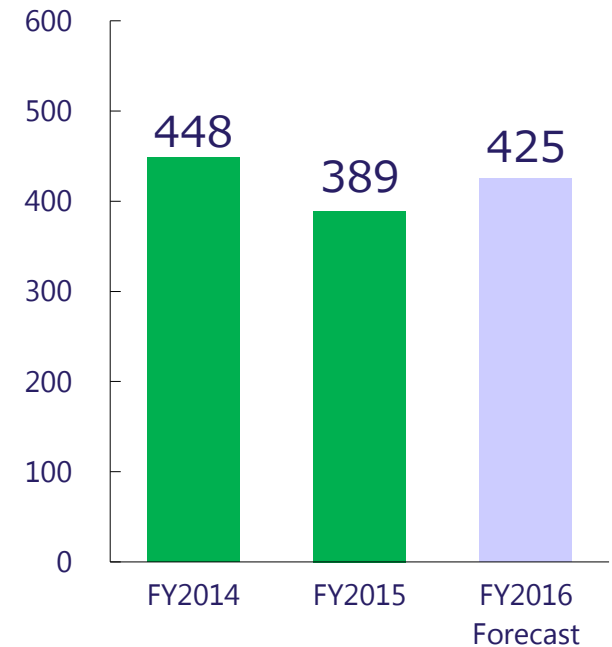
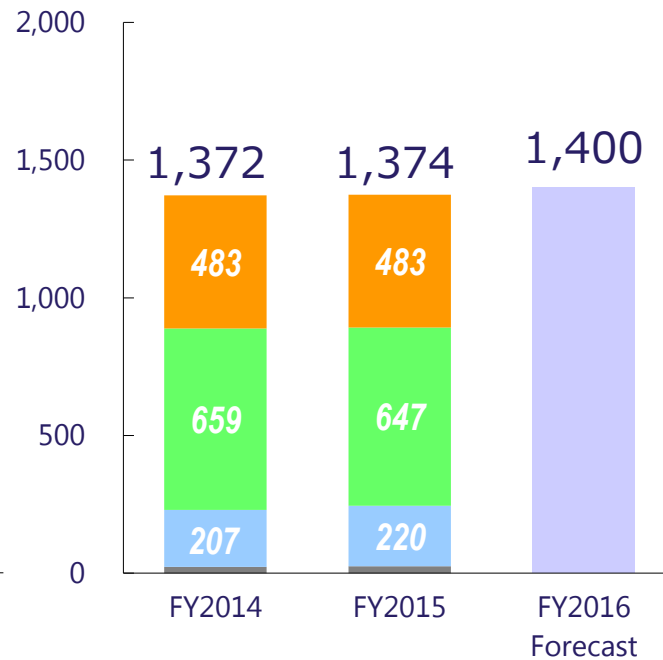
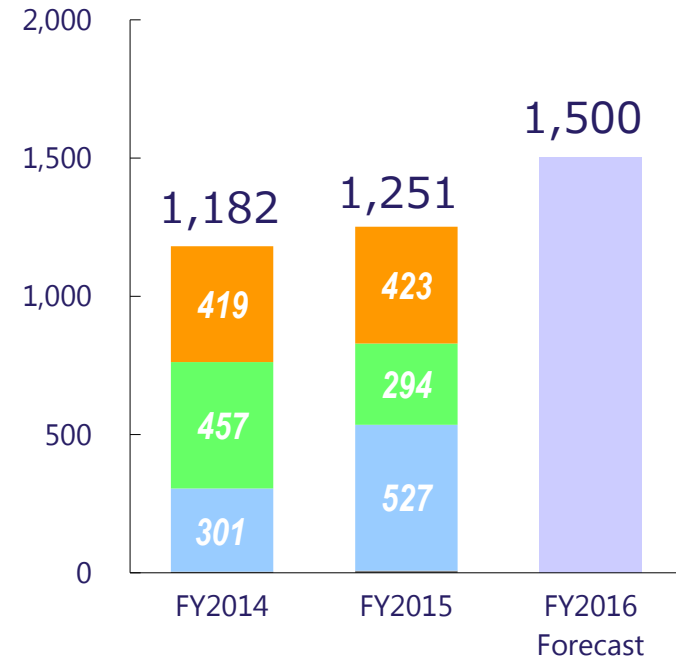


(100 million yen)

CAPEX

Depreciation

R&D

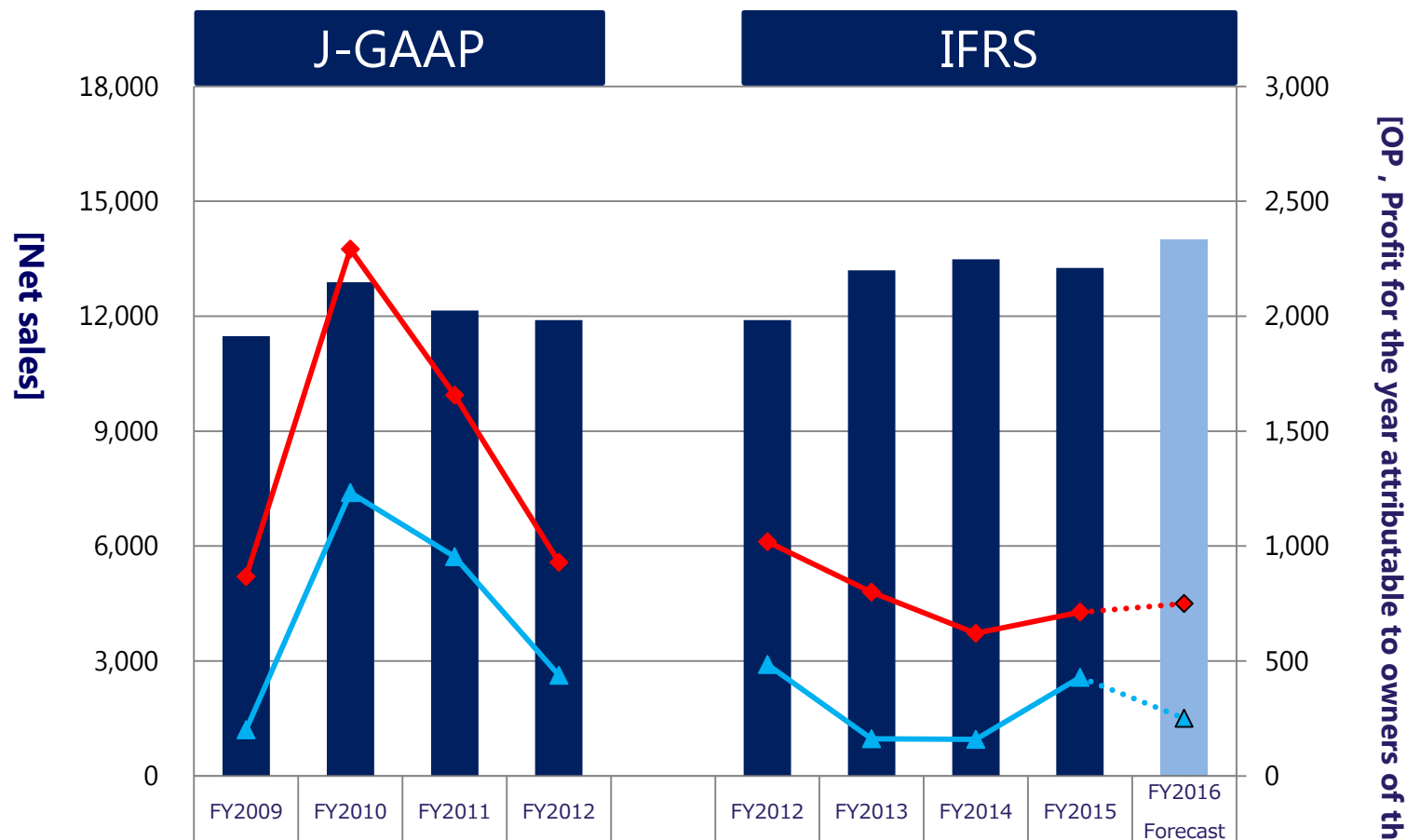


■ Glass
 ■ Electronics
 ■ Chemicals
 ■ Ceramics / Other

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 ^{*1}	%	7.5%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%	3.9%
Return on assets ^{*2}	%	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 ^{*3}	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		FY2015					FY2016		
		1Q	2Q	3Q	4Q		1Q		
JPY / USD	Average	119.09	121.36	122.23	121.50	121.05	115.48	120.0 ^{*4}	
	At quarter end	120.17	122.45	119.96	120.61	120.61	112.68		
JPY / EUR	Average	134.18	134.16	135.98	132.95	134.31	127.23	130.0 ^{*4}	
	At quarter end	130.32	137.23	134.97	131.77	131.77	127.70		

*4 Assumption for FY2016

Date	Summary
January 27	AGC Asahi Glass to Exhibit for Second Time at Milan Design Week, One of the World's Largest Design Festivals
February 5	Formulation of the AGC Group Corporate Governance Basic Policy
February 15	AGC Celebrates First Shipment from Anyer Plant of P.T. Asahimas Chemical
February 16	AGC Develops AMOLEA™yd, New Refrigerant Grade with Low Global Warming Potential
February 23	AGC Asahi Glass to Release Cover Glass that Supports a Fingerprint Recognition Sensor on a Smartphone
March 4	AGC Changes Name of Production Subsidiary in Suzhou, China
March 11	AGC to Build a Second Float Glass Production Plant in Brazil
March 28	AGC to Expand Supply System of Cover Glass for Car-mounted Displays

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