

Financial Results for FY2016



AGC Asahi Glass

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Financial Results for FY2016

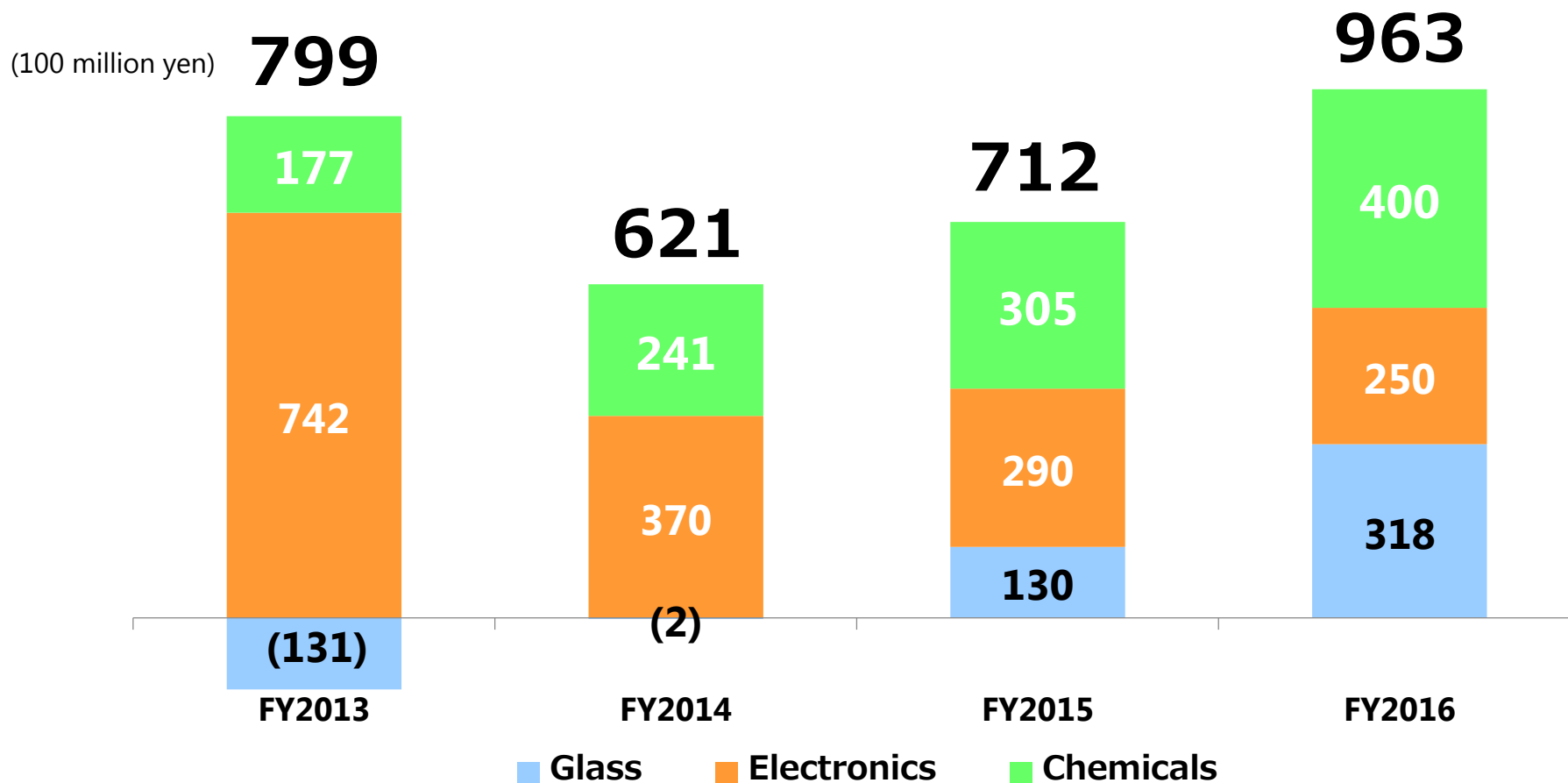
1. Highlights of the Financial Results

Net sales	1,282.6 billion yen (down 43.7 billion yen YoY)
Operating profit	96.3 billion yen (up 25.1 billion yen YoY)
Profit for the year attributable to owners of the parent	47.4 billion yen (up 4.5 billion yen YoY)

- ✓ **Net sales down due to the strong yen.**
- ✓ **OP up owing to (i) shipment increase in chemical products and automotive glass, (ii) price hike of architectural glass and (iii) cost decrease mainly from the decline of raw materials and fuel prices, etc.**
- ✓ **Profit for the year attributable to owners of the parent increased YoY mainly due to the decrease of income tax expenses despite that there wasn't any impact from the "Income from revision of the defined benefit corporate pension plan" posted for FY2015.**

[Operating profit by segment]

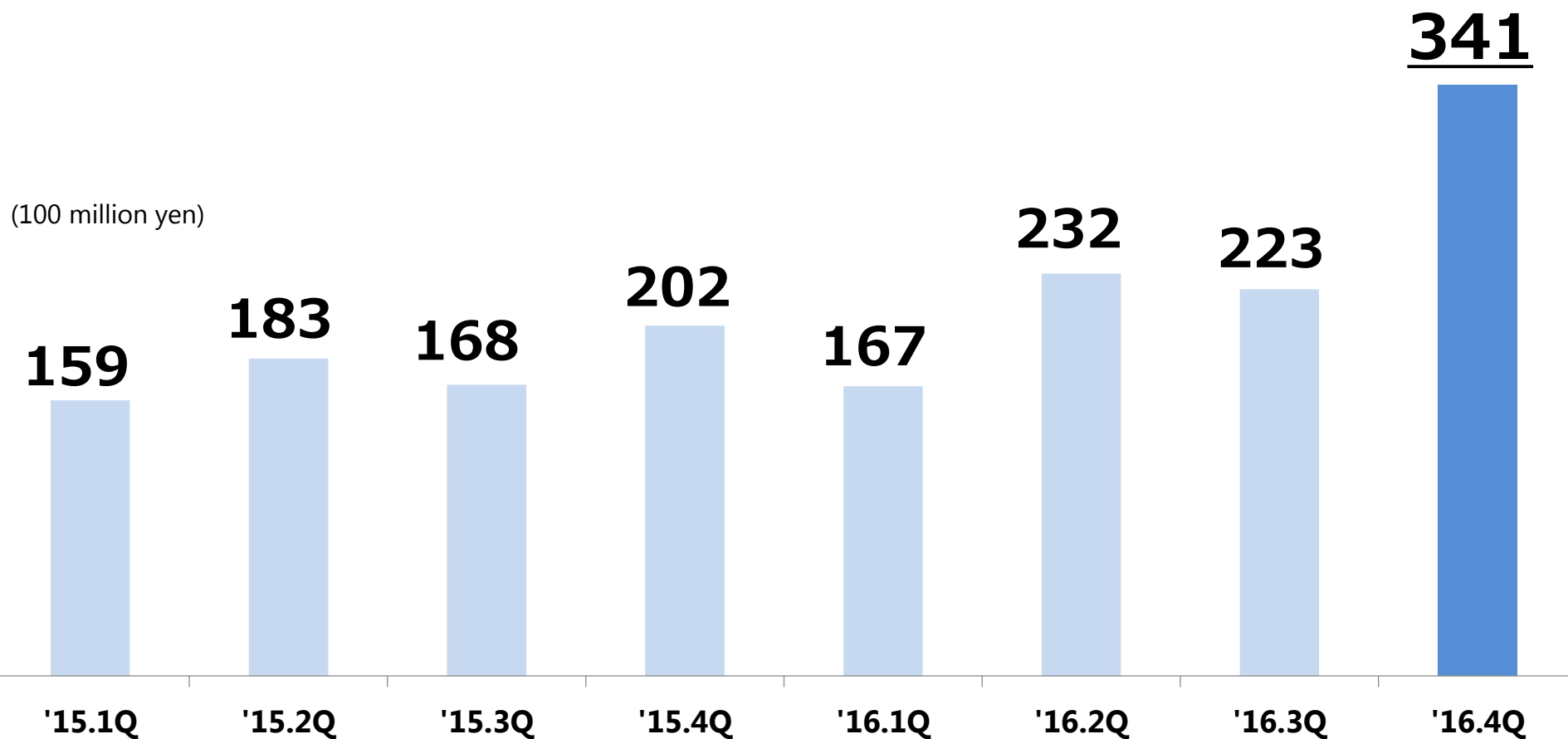
◆ Becoming well-balanced earnings structure



※The sum of the segment amounts may not equal the amount of operating profit total, because this graph excludes the amount of Ceramics/Other Segment and elimination.

[Operating profit trend]

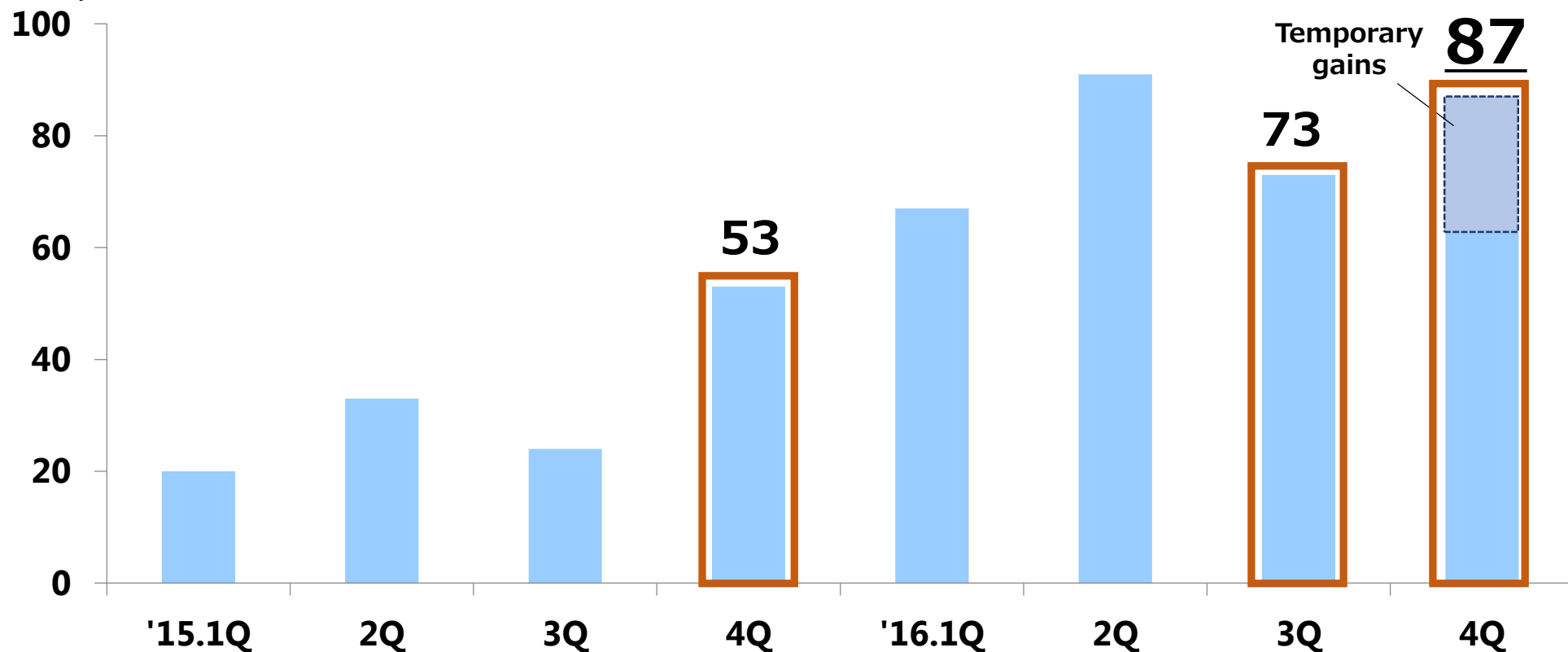
◆ Achieved OP up significantly YoY and QoQ



[Operating profit trend: Glass]

- ◆ Continued OP up YoY thanks to the price hike of architectural glass in Europe and increased automotive glass shipments
- ◆ OP down QoQ, if temporary gains are excluded, as affected by factors such as increased fuel prices

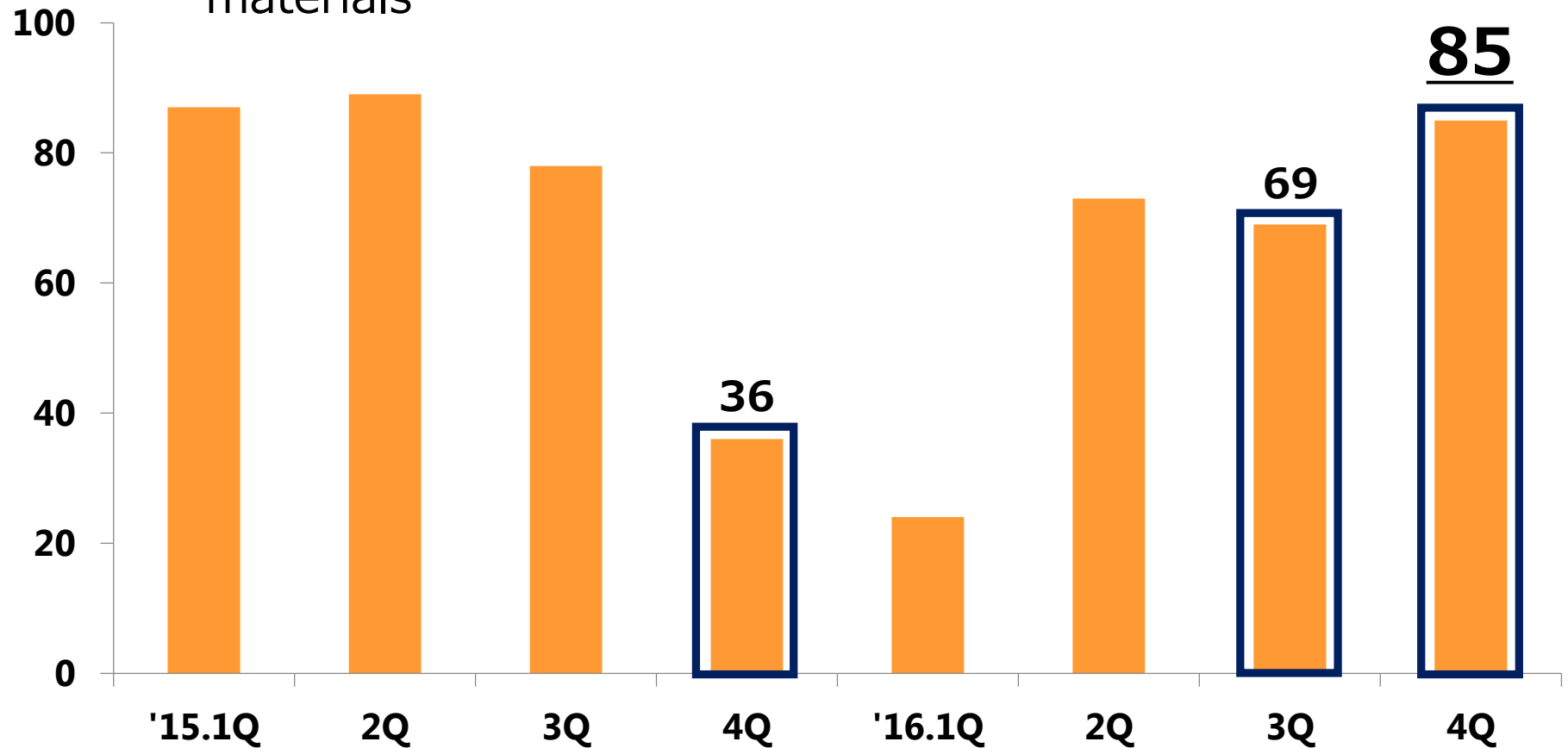
(100 million yen)



[Operating profit trend: Electronics]

- ◆ OP up YoY thanks to increased shipments and cost reduction
- ◆ OP up QoQ thanks to increased shipments of electronics materials

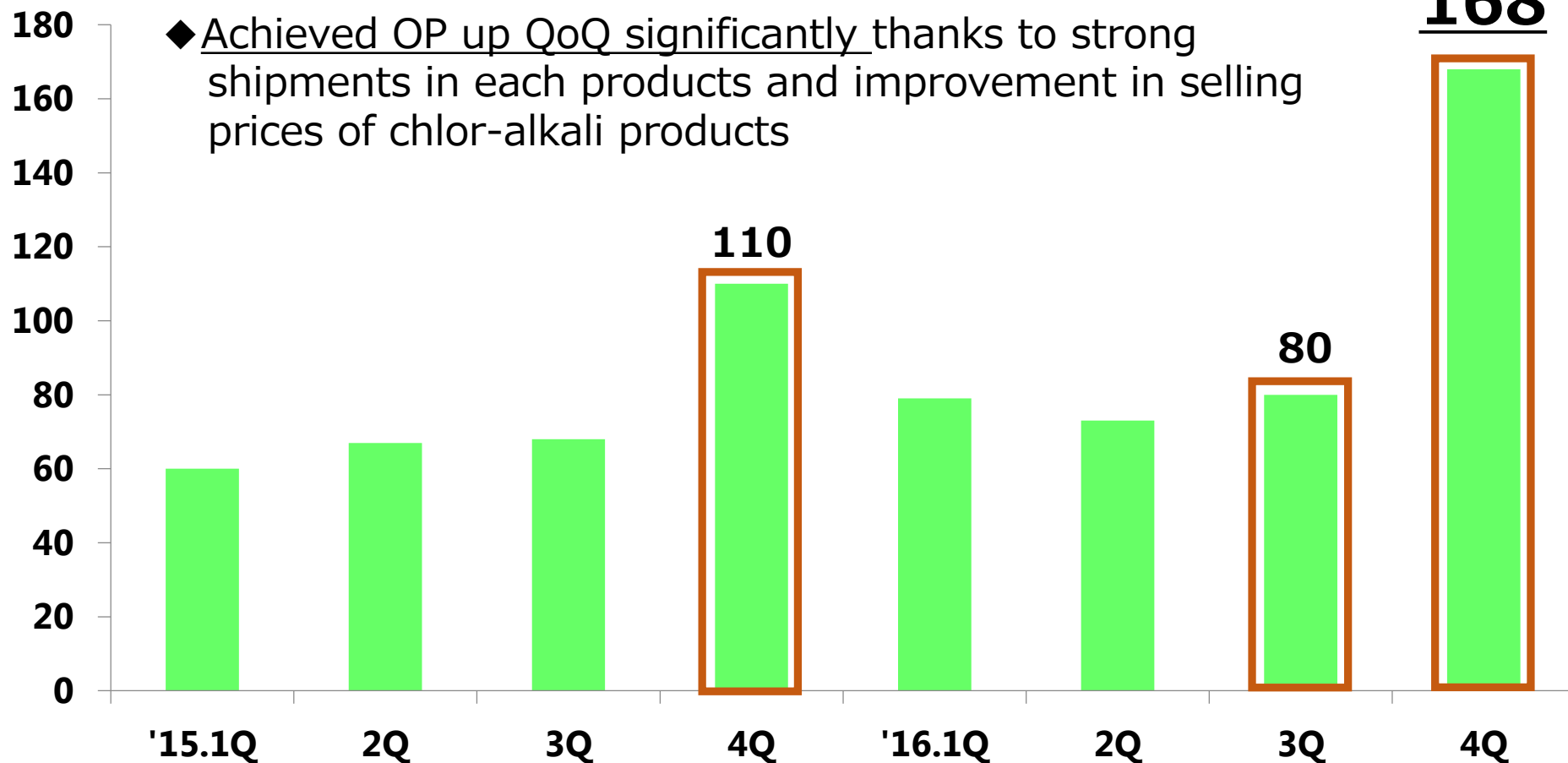
(100 million yen)



[Operating profit trend: Chemicals]

- ◆ Achieved OP up YoY thanks to the positive impact of new facilities in Southeast Asia
- ◆ Achieved OP up QoQ significantly thanks to strong shipments in each products and improvement in selling prices of chlor-alkali products

(100 million yen)



Summary of the Financial Results

AGC

		FY2015	FY2016	Change	Change %
Net sales		13,263	12,826	-437	-3.3%
Operating profit		712	963	+251	+35.3%
Profit before tax		845	676	-170	-20.1%
Profit for the year attributable to owners of the parent		429	474	+45	+10.6%
Dividend (yen/share)		18	18		
Operating profit margin		5.4%	7.5%		
ROE		3.9%	4.3%		
Forex (Average)	JPY/USD	121.05	108.84		
	JPY/EUR	134.31	120.33		
Crude oil	\$/BBL(Dubai)	50.9	41.5		

Consolidated Statements of Profit or Loss

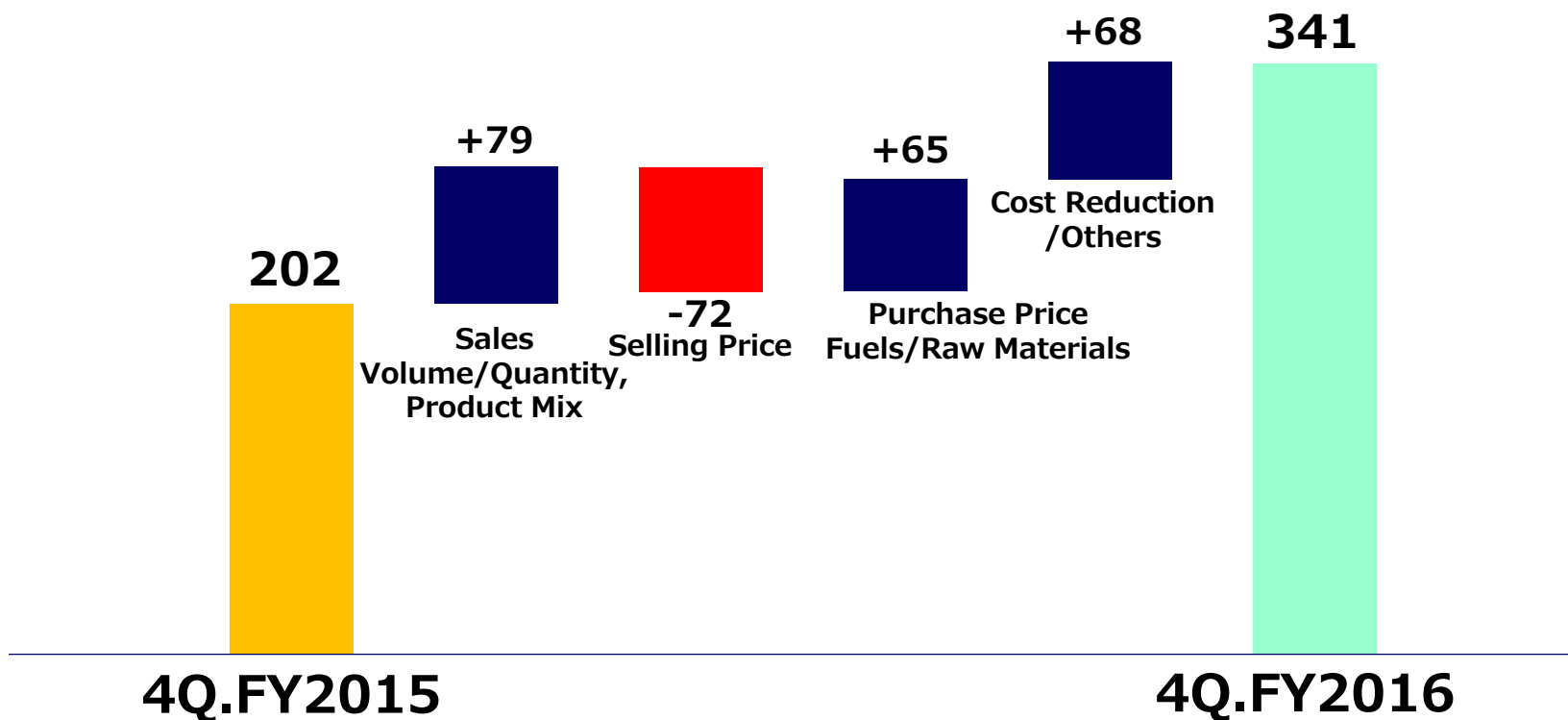
	4Q			Full-year		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	3,367	3,427	+60*	13,263	12,826	-437*
Operating profit	202	341	+140	712	963	+251
Other income/expenses	-58	-146		148	-275	
Business profit	143	196	+52	859	688	-171
Finance income/costs	-1	8		-14	-13	
Profit before tax	143	204	+61	845	676	-170
Income tax expenses	126	37		382	142	
Profit for the year	17	167	+150	463	534	+71
attributable to owners of the parent	2	145	+144	429	474	+45
attributable to non-controlling interests	15	22		34	59	

* Foreign exchange fluctuation resulted in -24.5 billion yen in Net sales in 4Q, and -97.8 billion yen in Net sales in full-year.

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

¥ 14.0 bn up from same period last year

(100 million yen)

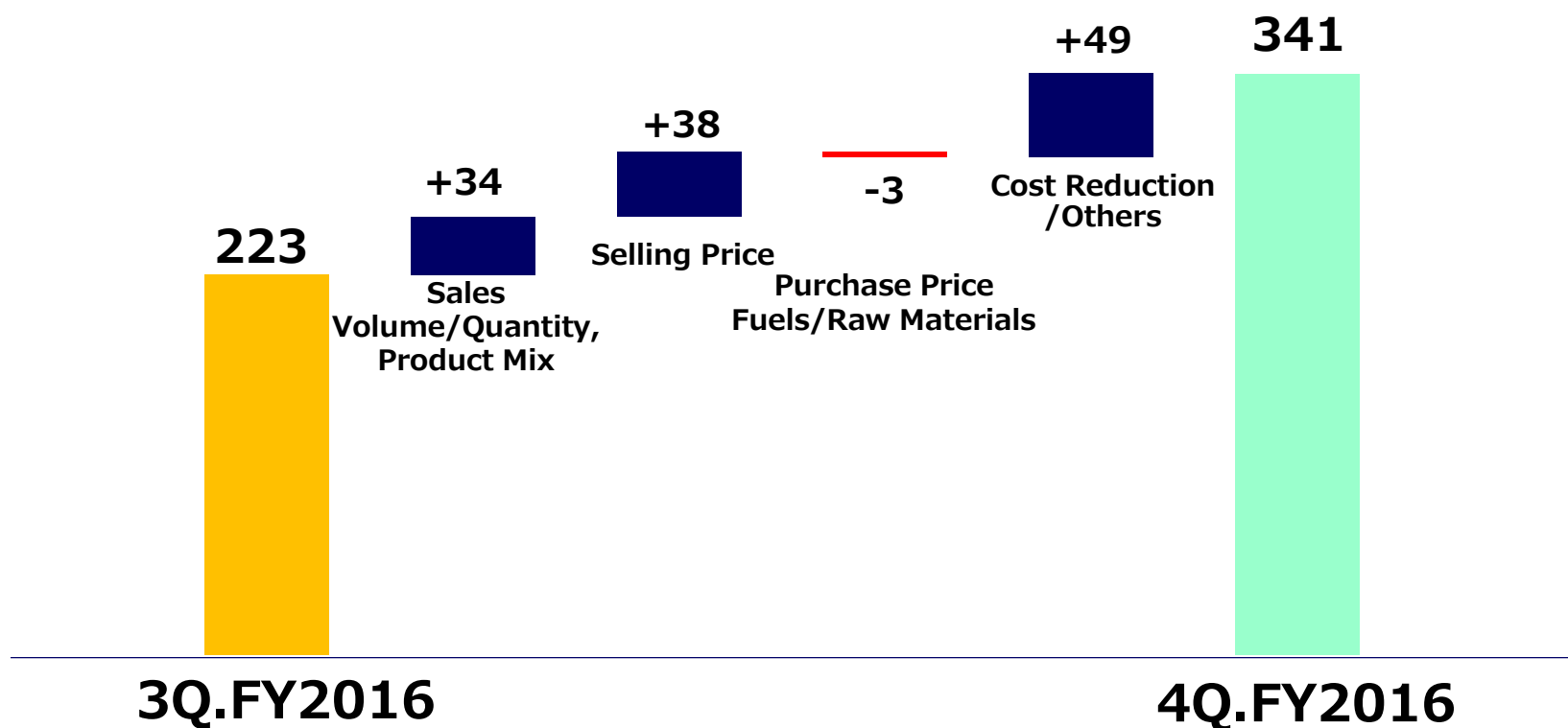


Variance Analysis on OP(4Q.FY2016 vs. 3Q.FY2016)

AGC

¥ 11.9 bn up from last quarter

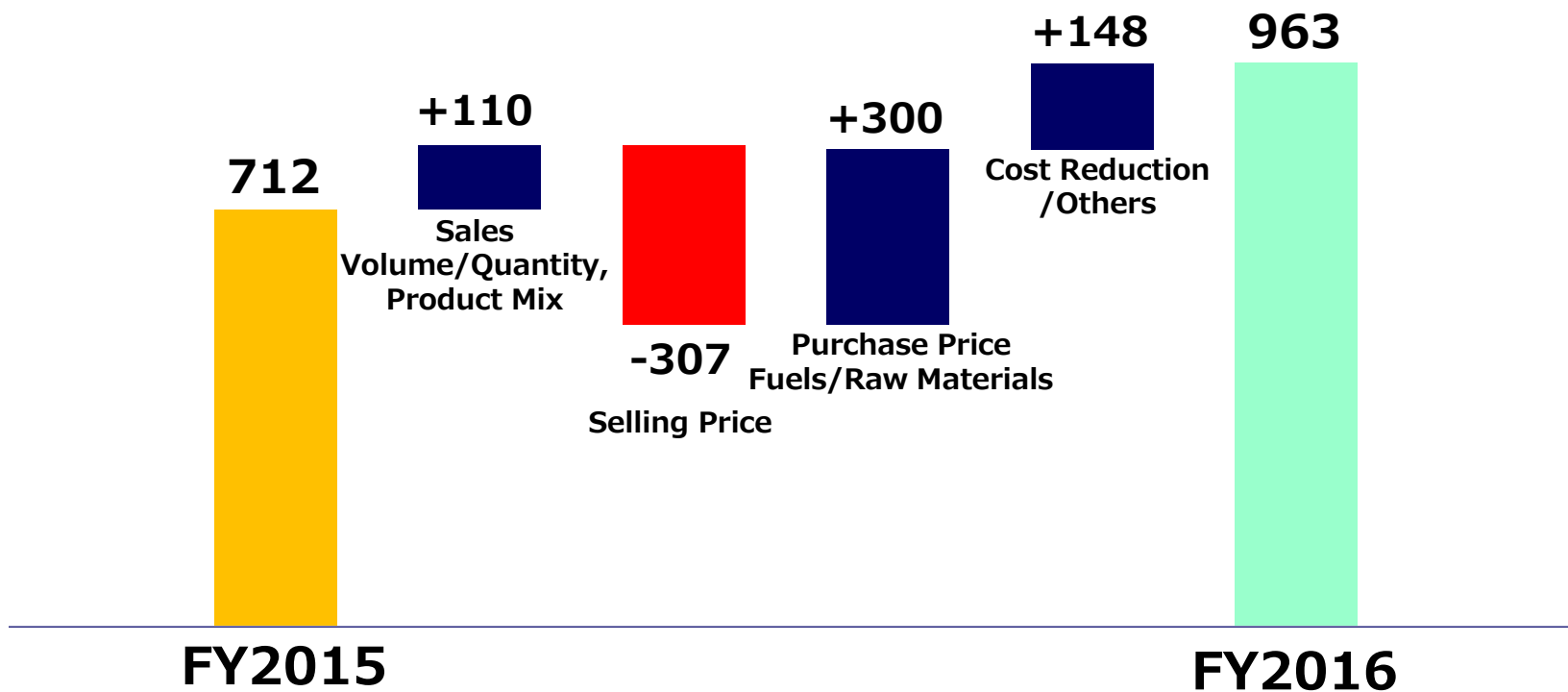
(100 million yen)



Variance Analysis on OP(FY2016 vs. FY2015)

¥ 25.1 bn up from last year

(100 million yen)



Consolidated Statement of Financial Position

AGC

	FY2015	FY2016	Change
Cash and cash equivalents	1,048	1,473	+425
Inventories	2,354	2,273	-81
Property, plant and equipment, Goodwill and Intangible assets	10,440	10,001	-439
Other assets	6,071	6,067	-4
Total assets	19,913	19,815	-98*
Interest-bearing debt	4,687	4,340	-348
Other liabilities	3,588	3,787	+200
Liabilities	8,275	8,127	-148
Total equity attributable to owners of the parent	10,942	10,954	+13
Non-controlling interests	696	733	+37
Equity	11,638	11,687	+50
Total liabilities and equity	19,913	19,815	-98*
D/E ratio	0.40		

* -45.6 billion yen due to foreign exchange fluctuation

Consolidated Statement of Cash Flow

AGC

	FY2015	FY2016
Profit before tax	845	676
Depreciation and amortization expense	1,374	1,218
Increase(decrease) in working capital	110	121
Others	-457	22
Cash flows from operating activities	1,872	2,036
Cash flows from investing activities	-1,160	-1,136
Free cash flow	712	900
Changes in interest-bearing debt	-151	-238
Dividends paid	-208	-208
Others	5	-18
Cash flows from financing activities	-354	-465
Effect of exchange rate changes on cash and cash equivalents	-6	-11
Net increase(decrease) in cash and cash equivalents	352	425

CAPEX, Depreciation and R&D

AGC

	FY2015	FY2016
CAPEX	1,251	1,260
Glass	423	503
Electronics	294	429
Chemicals	527	324
Ceramics/Other	8	5
Depreciation	1,374	1,218
Glass	483	426
Electronics	647	557
Chemicals	220	215
Ceramics/Other	25	22
Elimination	-1	-1
R&D	389	392

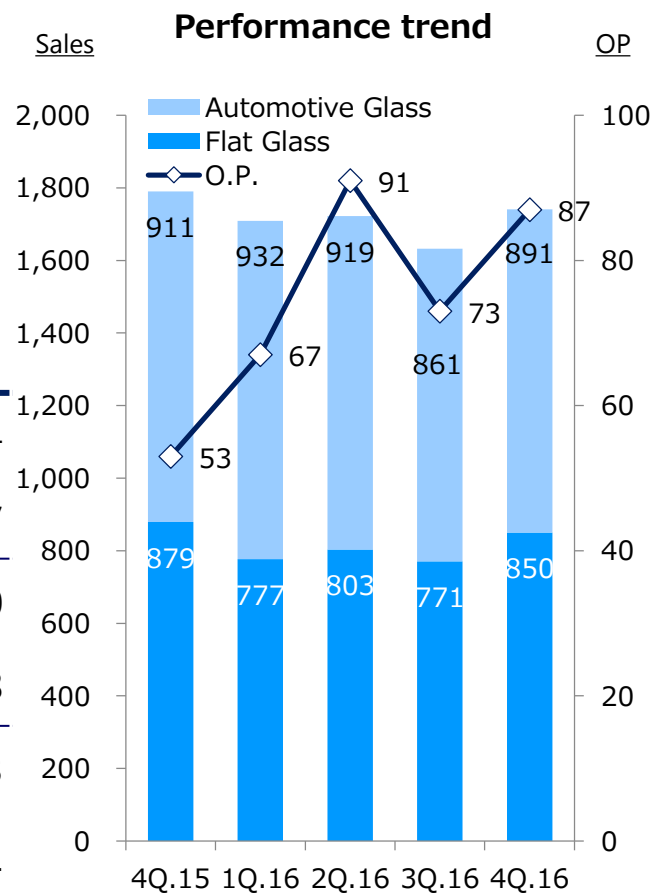
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2. Information by Business and Geographic Segments

Glass Segment (1)

	4Q			Full-year		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	1,781	1,734	-47	6,929	6,800	-129
Operating profit	53	87	+33	130	318	+188

Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	4Q	1,734	797	286	686	-34
	Full-year	6,800	2,972	1,193	2,782	-147
Flat glass	4Q	850	335	108	428	-20
	Full-year	3,201	1,181	441	1,687	-108
Automotive glass	4Q	891	468	178	258	-13
	Full-year	3,602	1,797	752	1,094	-41
Adjustment inside segment	4Q	-7	-6	0	0	-2
	Full-year	-3	-6	0	0	2



【YoY comparison for full-year】

[Architectural Glass]

- Japan/Asia : Shipments stayed at the same level as the previous year.
- North America : Shipments remained stable.
- Europe : Shipments remained stable.
- Mainly in Europe and North America, selling prices increased to exceed the previous year's levels.

[Automotive Glass]

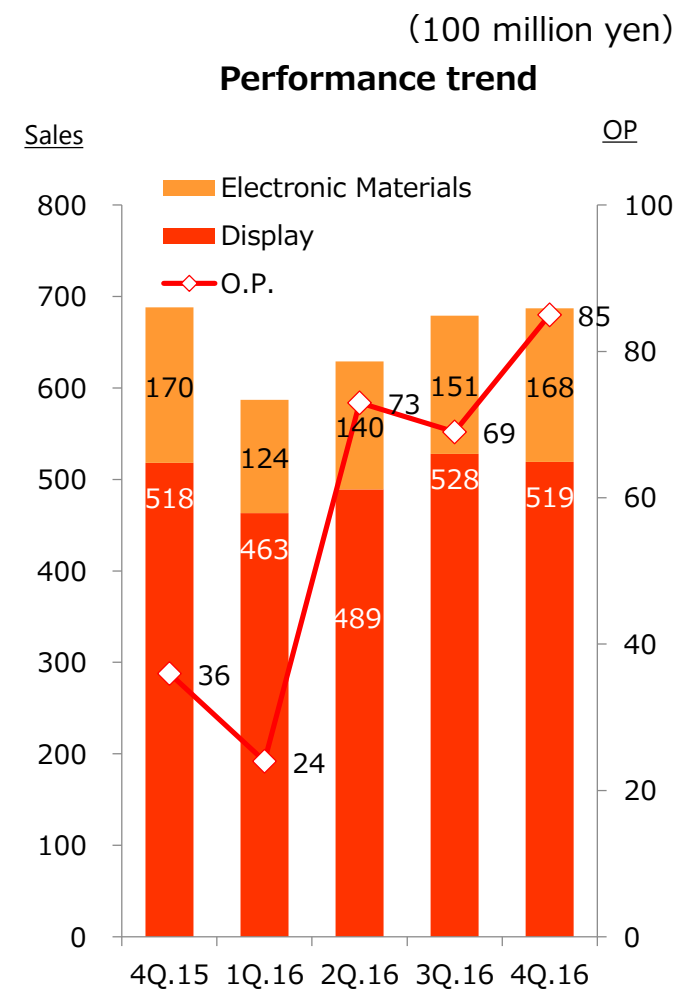
- The AGC Group's shipments increased, owing to increased auto production in Europe, China and North America.

Electronics Segment (1)

	4Q			Full-year		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	687	687	-0	2,886	2,581	-304
Operating profit	36	85	+48	290	250	-41

Breakdown of sales

Display	4Q	519
	Full-year	1,999
Electronic Materials	4Q	168
	Full-year	583



【YoY comparison for full-year】

[Display]

- LCD glass substrates: Selling prices decreased but shipments increased.
- Specialty glass for display applications: Shipments decreased.
- Cover glass for car-mounted displays: Shipments expanded.
- Glass for solar power systems: Shipments decreased.

[Electronic Materials]

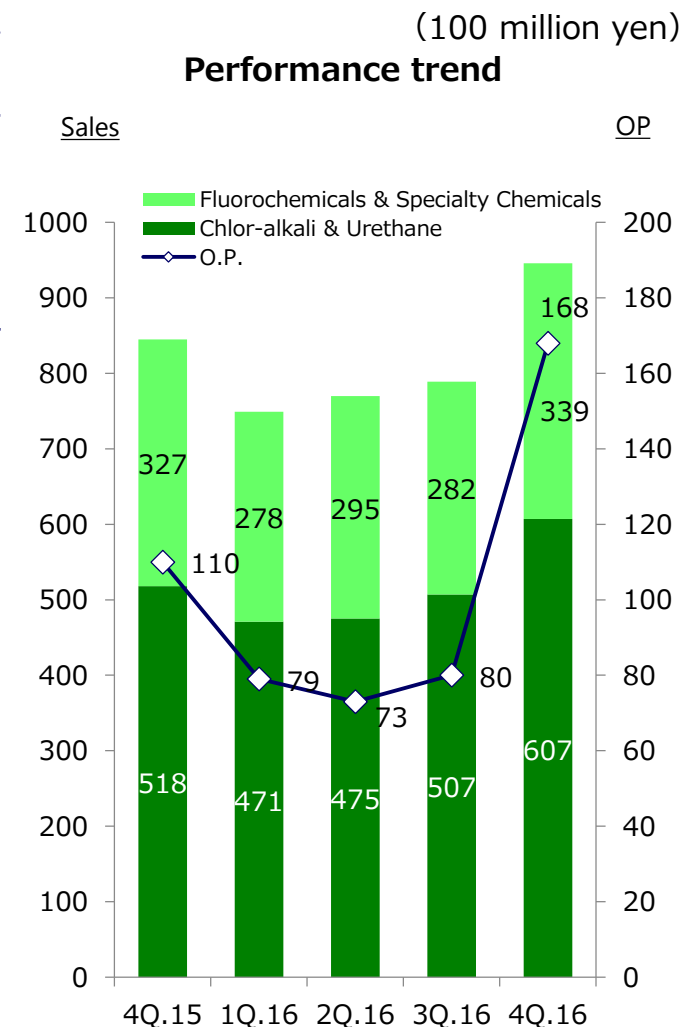
- Shipments of optoelectronics materials decreased YoY basis despite a recovery in the second half of FY2016.

Chemicals Segment (1)

	4Q			Full-year		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	820	924	+104	3,185	3,166	-19
Operating profit	110	168	+58	305	400	+95

Breakdown of sales

Chlor-alkali & Urethane	4Q	607
	Full-year	2,060
Fluorochemicals & Specialty Chemicals	4Q	339
	Full-year	1,193
Elimination	4Q	-22
	Full-year	-87



【YoY comparison for full-year】

〔Chlor-alkali & Urethane〕

- Sales increased thanks to the strong shipments in Southeast Asia and the production started at new facilities in Indonesia.

〔Fluorochemicals & Specialty Chemicals〕

- Sales decreased due to the shipment decline in some products and also because of the strong yen.

YoY Performance Comparison by Business Segment

AGC

	4Q			Full-year		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	3,367	3,427	+60	13,263	12,826	-437
Glass	1,781	1,734	-47	6,929	6,800	-129
Electronics	687	687	0	2,886	2,581	-304
Chemicals	820	924	+104	3,185	3,166	-19
Ceramics/Other	204	193	-11	681	708	+26
Elimination	-125	-111	+14	-418	-429	-12
Operating profit	202	341	+140	712	963	+251
Glass	53	87	+33	130	318	+188
Electronics	36	85	+48	290	250	-41
Chemicals	110	168	+58	305	400	+95
Ceramics/Other	3	3	0	-16	-2	+13
Elimination	-1	-1	-1	1	-3	-4

Quarterly Performance Comparison by Business Segment

AGC

	3Q. FY2016	4Q. FY2016	Change	Change %
Net sales	3,150	3,427	+277	+8.8%
Glass	1,635	1,734	+99	+6.0%
Electronics	678	687	+9	+1.3%
Chemicals	770	924	+153	+19.9%
Ceramics/Other	166	193	+27	+16.3%
Elimination	-100	-111	-11	-
Operating profit	223	341	+119	+53.3%
Glass	73	87	+13	+18.0%
Electronics	69	85	+16	+23.6%
Chemicals	80	168	+88	+110.0%
Ceramics/Other	1	3	+2	+146.4%
Elimination	-1	-1	-1	-

YoY Performance Comparison by Geographic Segment

	4Q			Full-year		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	3,367	3,427	+60	13,263	12,826	-437
Japan & Asia	2,350	2,447	+97	9,163	8,816	-348
Americas	371	358	-13	1,548	1,462	-86
Europe	755	724	-31	3,018	2,919	-99
Elimination	-109	-102	+7	-467	-371	+96
Operating profit	202	341	+140	712	963	+251
Japan & Asia	258	376	+118	980	1,105	+125
Americas	14	38	+24	45	64	+18
Europe	3	12	+9	-18	89	+107
Elimination	-1	-1	0	-5	2	+7
Cross-regional common expenses	-72	-83	-11	-290	-297	-7

Quarterly Performance Comparison by Geographic Segment



	3Q. FY2016	4Q. FY2016	Change	Change %
Net sales	3,150	3,427	+277	+8.8%
Japan & Asia	2,211	2,447	+236	+10.7%
Americas	351	358	+7	+1.9%
Europe	672	724	+52	+7.7%
Elimination	-85	-102	-17	-
Operating profit	223	341	+119	+53.3%
Japan & Asia	277	376	+100	+36.0%
Americas	8	38	+30	+398.0%
Europe	17	12	-6	-33.5%
Elimination	-3	-1	+2	-
Cross-regional common expenses	-76	-83	-7	-

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

Net sales	Consolidated total*	Glass	Electronics	Chemicals
FY2016	12,826	6,800	2,581	3,166
Change vs. FY2015	-437	-129	-304	-19
Change like-for-like vs.FY2015	+446	+479	-252	+191
Impact of FOREX	-978	-698	-52	-214
Impact of Change in the Scope of Consolidation	+94	+90	-	+4

* 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 FY2017

Net sales **1,350.0 billion yen (up 67.4 billion yen YoY)**

Operating profit **105.0 billion yen (up 8.7 billion yen YoY)**

Profit for the year **66.0 billion yen (up 18.6 billion yen YoY)**

attributable for the owners of the parent

- ✓ Net sales is forecast to increase thanks to increased shipments of chemicals.
- ✓ Operating profit is forecast to increase thanks to increased shipments and cost reduction.
- ✓ Other expenses is forecast to decrease.

FY2017 Forecast (2)

AGC

		FY2016	FY2017 Forecast	Change	Change%
Net sales		12,826 (6,249)	13,500 (6,500)	+674 (+251)	+5.3% (+4.0%)
Operating profit		963 (399)	1,050 (450)	+87 (+51)	+9.0% (+12.8%)
Profit before tax		676	930	+254	+37.6%
Profit for the year attributable to owners of the parent		474	660	+186	+39.1%
Dividend (yen/share)		18	20		
Operating profit margin		7.5%	7.8%		
ROE		4.3%	6.0%		
Forex (Average)	JPY/USD	108.84	110.0		
	JPY/EUR	120.33	120.0		
Crude oil	\$/BBL(Dubai)	41.5	55.0		

(※) ROE of FY2017 Forecast is calculated by using the Total equity attributable to owners of the parent as of Dec.31, 2016.

(※) Dividend(yen/share) for FY2017 Forecast excludes the impact of the consolidation of shares scheduled on July 1, 2017

[Glass]

- Architectural Glass

Shipments are expected to make a gradual increase in many regions.

- Automotive Glass

Shipments are expected to remain stable as a whole despite uncertainty over recovery of the automobile demand in some emerging countries.

{Electronics}

- Shipments of LCD glass substrates are expected to increase. The range of price decline is expected to shrink.
- Shipments of specialty glass for display applications are expected to increase.
- Shipments of cover glass for car-mounted display are expected to continue to expand.
- Shipments of optoelectronic materials and semiconductor-related materials are expected to be stable.

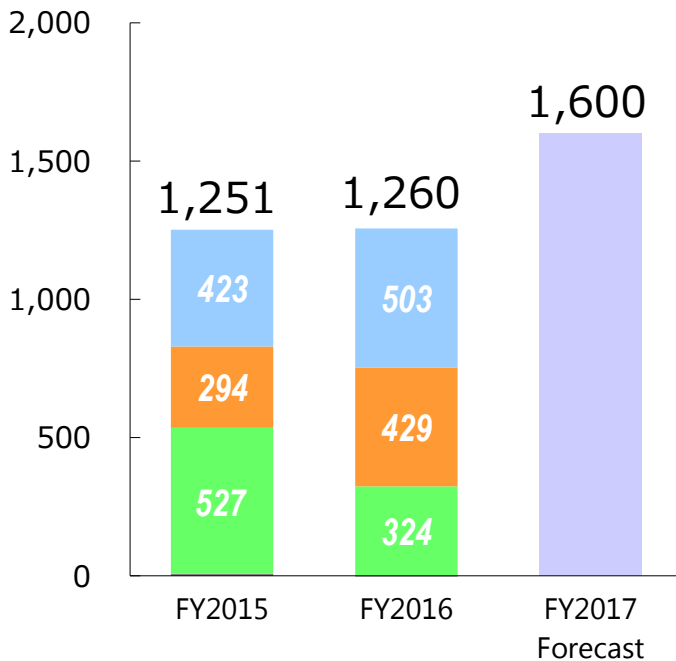
[Chemicals]

- Shipments of chlor-alkali products in Asia are expected to increase as the new manufacturing facilities in Indonesia will operate throughout the year from FY2017.
- Shipments of fluorine products and life science products are expected to be stable
- The companies that AGC decided to acquire in 2016 will be consolidated into the Group's financial results.

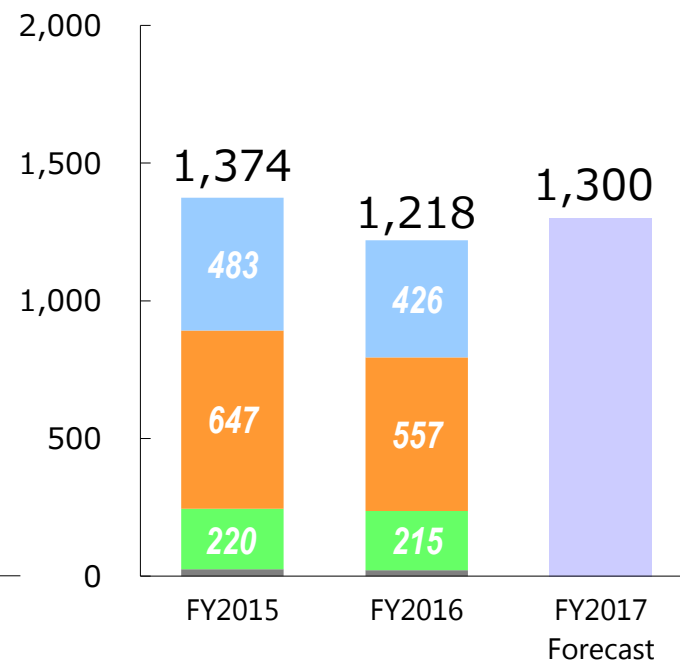
CAPEX / Depreciation / R&D

(100 million yen)

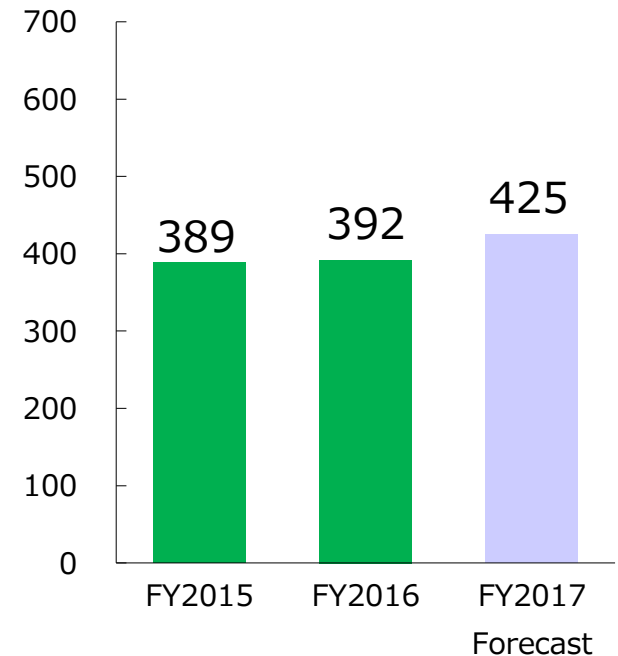
CAPEX



Depreciation



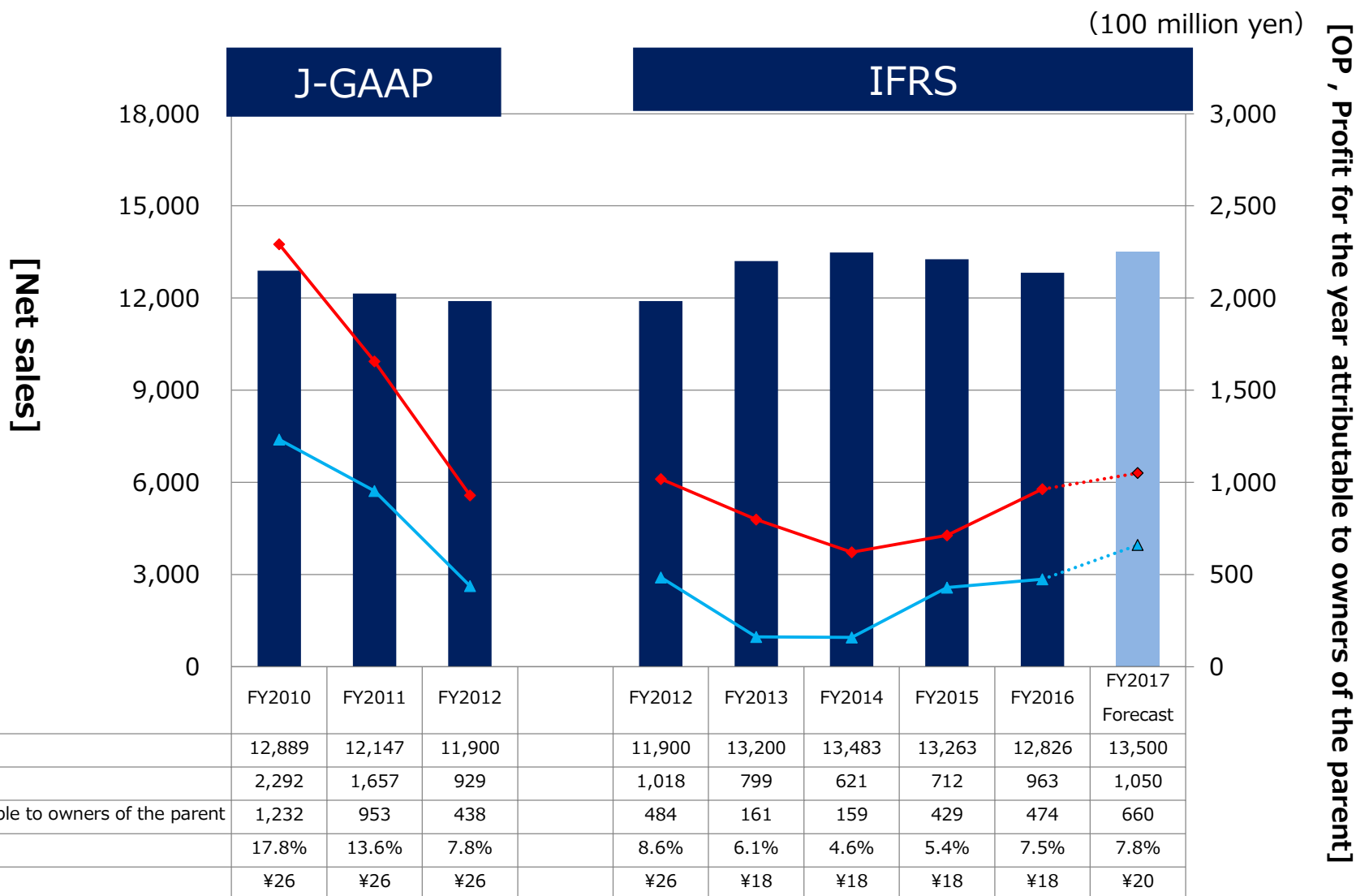
R&D



■ Glass ■ Electronics ■ Chemicals ■ Ceramics / Other

Appendix

Changes in the Financial Results



(※) Dividend(per share) for FY2017 Forecast excludes the impact of the consolidation of shares scheduled on July 1, 2017

		J-GAAP					IFRS				
		08/12	09/12	10/12	11/12	12/12	12/12	13/12	14/12	15/12	16/12
Return on equity ^{*1}	%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%	3.9%	4.3%
Return on assets ^{*2}	%	7.8%	4.8%	12.9%	9.6%	5.2%	5.6%	4.0%	3.0%	3.5%	4.9%
Equity ratio	%	40%	42%	46%	48%	50%	47%	51%	54%	55%	55%
Debt/Equity ratio	times	0.77	0.74	0.60	0.57	0.54	0.56	0.50	0.42	0.40	0.37
CF from Operating Activities/Interest-bearing debt	times	0.34	0.30	0.56	0.31	0.31	0.32	0.29	0.27	0.40	0.47
Earnings per share	Yen	33.53	17.12	105.52	81.90	37.88	41.90	13.97	13.77	37.12	41.03
EBITDA ^{*3}	100 million yen	2,199	1,873	3,084	2,594	1,928	2,000	1,866	1,859	2,284	1,910

*1 [J-GAAP] Return on equity = Net Income / (Shareholders' Equity (average) + Accumulated other comprehensive income (average))

[I F R S] 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				FY2017	
			1Q	2Q	3Q	4Q		
JPY / USD	Average	121.05	115.48	108.14	102.43	109.30	108.84	110.0 ^{*4}
	At quarter end	120.61	112.68	102.91	101.12	116.49	116.49	
JPY / EUR	Average	134.31	127.23	122.02	114.28	117.78	120.33	120.0 ^{*4}
	At quarter end	131.77	127.70	114.39	113.36	122.70	122.70	

*4 Assumption for FY2017

Major Press Release in FY2016

Date	Summary
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 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
May 12	AGC to Further Enhance Production Capacity of Vinyl Chloride Monomer in Indonesia
August 1	AGC to Launch Operations in Africa — Establishing Automotive Glass Production Base in Morocco —
September 6	AGC Acquires a Leading German Biopharmaceutical CMO
September 15	AGC to Release Dragontrail™ Pro, a New Specialty Glass for Chemical Strengthening
October 31	AGC to Pull Out of the Business for Glass Substrates Used in HDDs
December 13	An Announcement to Establish a New Production Base for TFT-LCD Glass Substrates
December 14	Announcement of Share Acquisition of Vinythai PCL
December 20	AGC Signs Agreement for Acquisition of CMC Biologics

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