

Financial Results for FY2017 Second Quarter

The logo for AGC, consisting of the letters 'AGC' in a bold, blue, sans-serif font. A small red square is positioned to the left of the letter 'G'.

AGC Asahi Glass

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CEO Message

Operating profit to exceed mid-term plan

Mid-term Targets for 2017

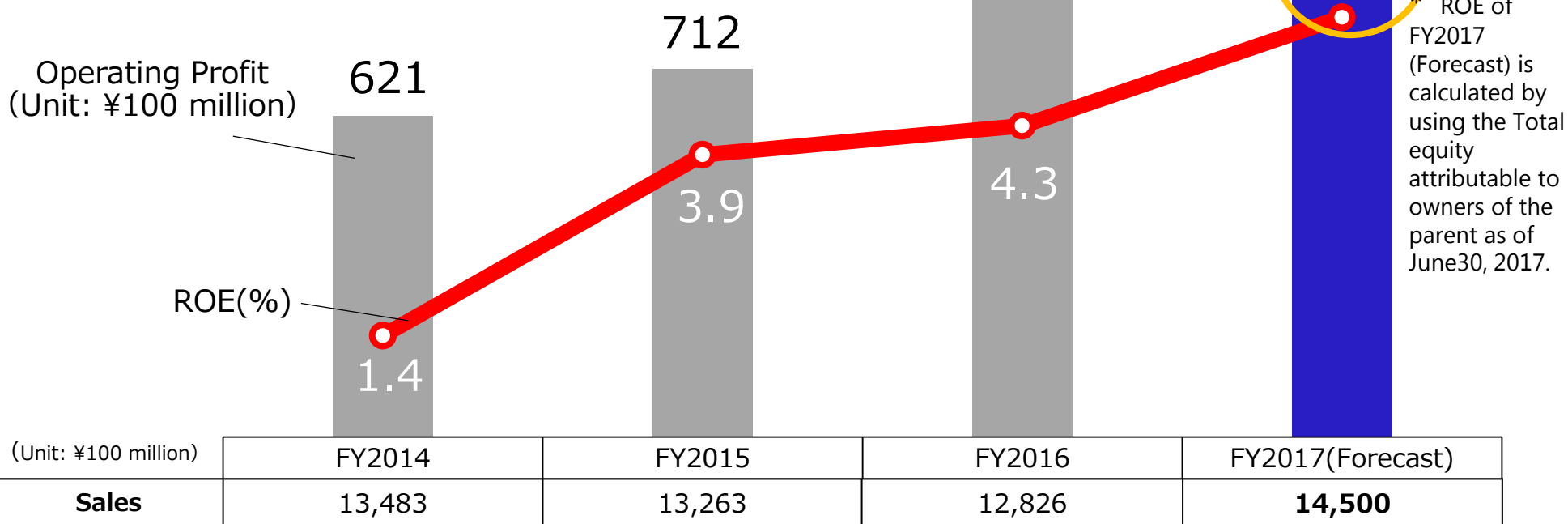
(announced in 2015)

- Sales: ¥1,600 billion
- Operating profit: More than ¥100 billion
- ROE: 5% or above

10 billion yen up from the beginning-of-year forecast (1,050).
 ⇒ **Upward revisions in 2H**, in addition to the revision in 1H.

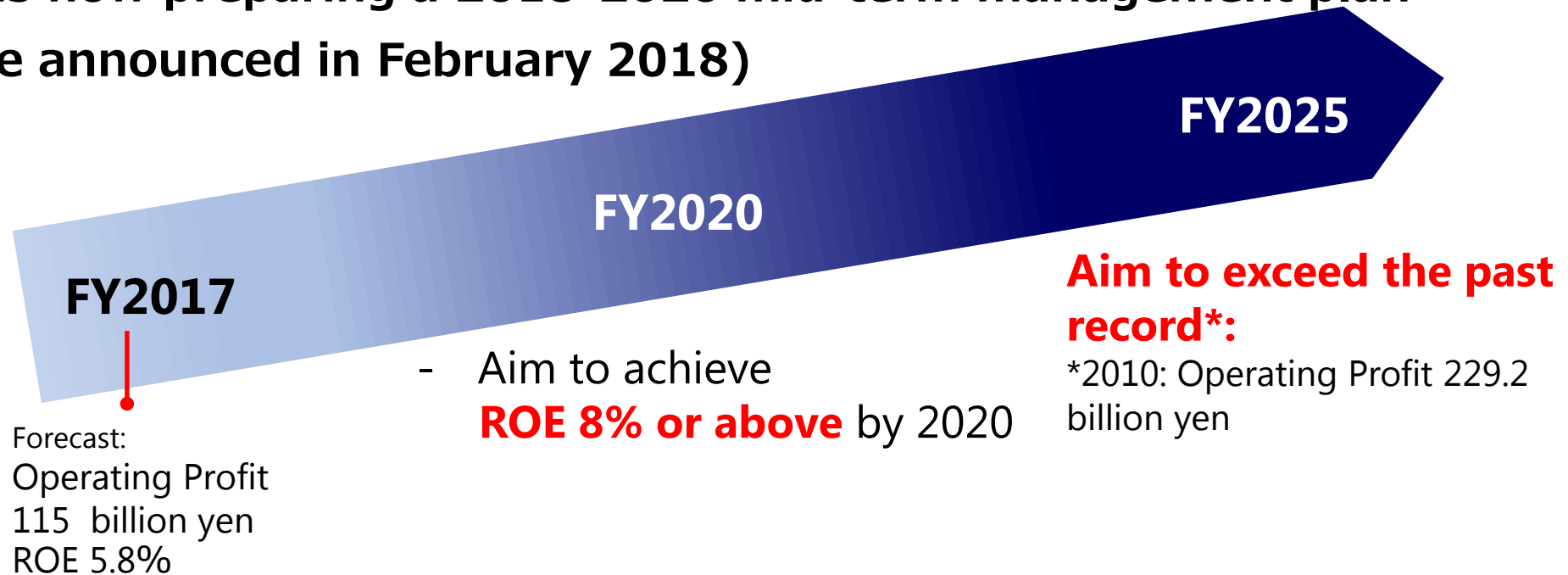
Operating Profit
 (Unit: ¥100 million)

ROE(%)



* ROE of FY2017 (Forecast) is calculated by using the Total equity attributable to owners of the parent as of June30, 2017.

**AGC is now preparing a 2018-2020 mid-term management plan
(to be announced in February 2018)**



<Direction of next mid-term management plan>

- Present how we will achieve the group goal in Vision 2025.
- Make active investments in growth businesses, strategic businesses (including M&As)
- Increase asset efficiency through ROCE-based internal management

Current corporate name:

Asahi Glass Company, Limited

New corporate name from July 1st, 2018 (※)

AGC Inc.

(※)This corporate name change is subject to the approval of a partial amendment of the Company's Articles of Incorporation at the Ordinary General Meeting of Shareholders to be held late March 2018.

- 2002 : Launched the global, integrated management for the AGC Group
- Established the Group Vision **“Look Beyond”**
 - Changed the group name to the “AGC Group” from the “Asahi Glass Group”

2007 : 100th anniversary

Further enhanced the integrated group management on a global basis

- Unified the group brand as “AGC”
- Consolidated subsidiaries incorporated “AGC” in their corporate names

We decided to change the corporate name of Asahi Glass Company, which plays the central role of the AGC Group, to AGC Inc. in order to further enhance the integrated management framework for the AGC Group on a global scale.

AGC, an everyday essential part of our world

-AGC's unique materials and solutions make people's lives better around the world every day-

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

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

A large, dark blue version of the AGC logo is centered on the page. The 'G' features the same red triangle as seen in the header logo.

**To fulfill the AGC Group's mission,
“AGC” will grow to be a global brand trusted by all
stakeholders around the world in the next 100 years.**

Financial Results for the Six Months ended June 30, FY2017

1. Highlights of the Financial Results

1-2QTotal

Net sales	690.0 billion yen	up 65.0 billion yen(10.4%) YoY
Operating profit	49.3billion yen	up 9.4 billion yen(23.6%) YoY
Profit before tax	48.9 billion yen	up 12.1 billion yen(32.8%) YoY
Profit for the period attributable to owners of the parent	37.5 billion yen	up 10.5 billion yen(38.9%) YoY

✓the increased volume of shipments at each business section

✓the consolidation of the companies acquired in 2017

⇒Net sales and operating profit up

Consolidated Statements of Profit or Loss

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	2Q			1-2QTotal			(100 million yen)
	FY2016	FY2017	Change	FY2016	FY2017	Change	
Net Sales	3,170	3,546	+377*	6,249	6,900	+650*	
Operating Profit	232	271	+39	399	493	+94	
other income/expenses	-2	10		-24	-13		
Business Profit	230	280	+50	375	480	+105	
Financial income/cost	9	15		-7	8		
Profit before tax	239	295	+56	368	489	+121	
income tax expenses	-45	-93		-77	-66		
Profit for the period	194	202	+8	291	423	+132	
attributable to owners of the parent	182	176	-6	270	375	+105	
attributable to non-controlling interests	12	26		21	48		

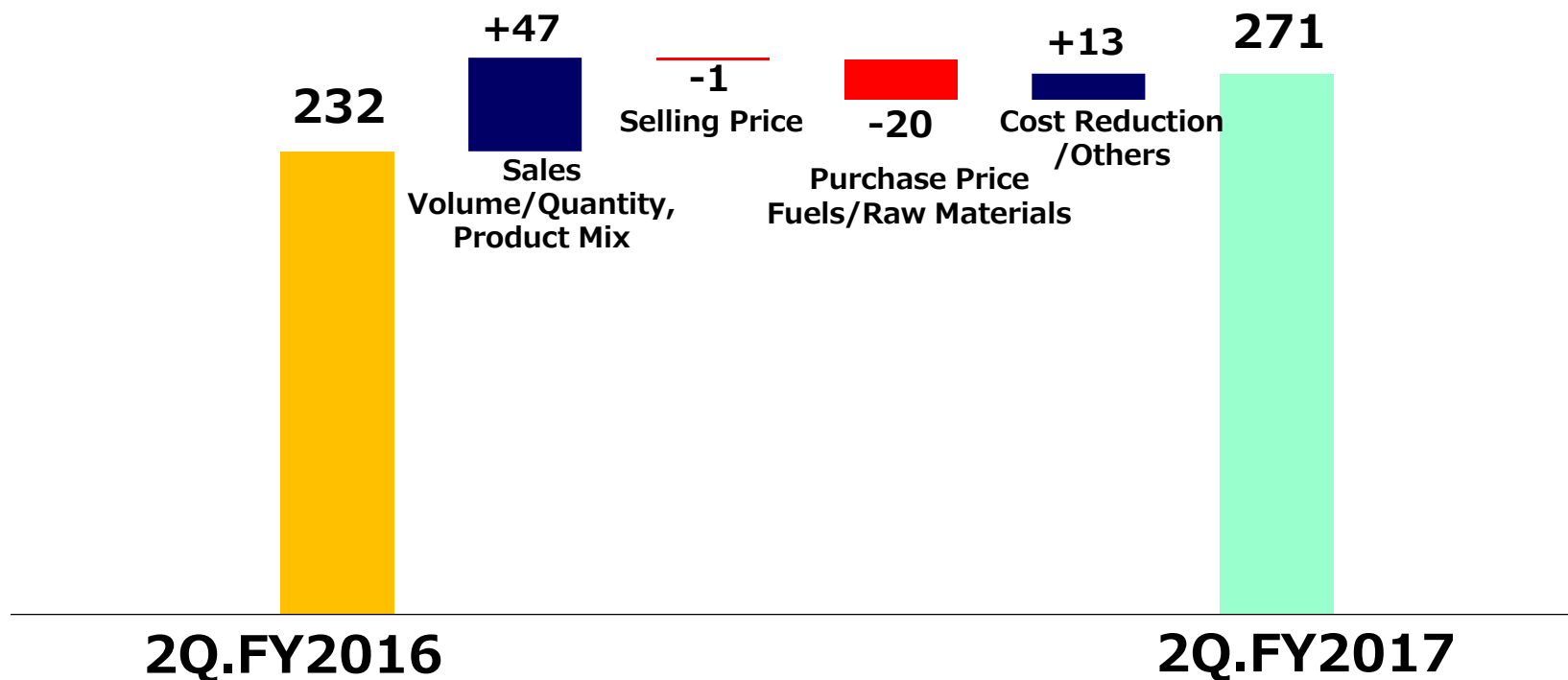
Forex(Average)	JPY/USD	108.14	111.09	111.81	112.37	* Foreign exchange fluctuation resulted in +2.8 billion yen in Net Sales in 2Q, and -3.5 billion yen in Net Sales in 1-2Q total.
	JPY/EUR	122.02	122.19	124.63	121.64	
Crude Oil	\$/BBL (Dubai)	43.3	49.8	37.1	51.4	

Variance Analysis on OP(2Q.FY2017 vs. 2Q.FY2016)

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¥ 3.9 bn up from same period last year

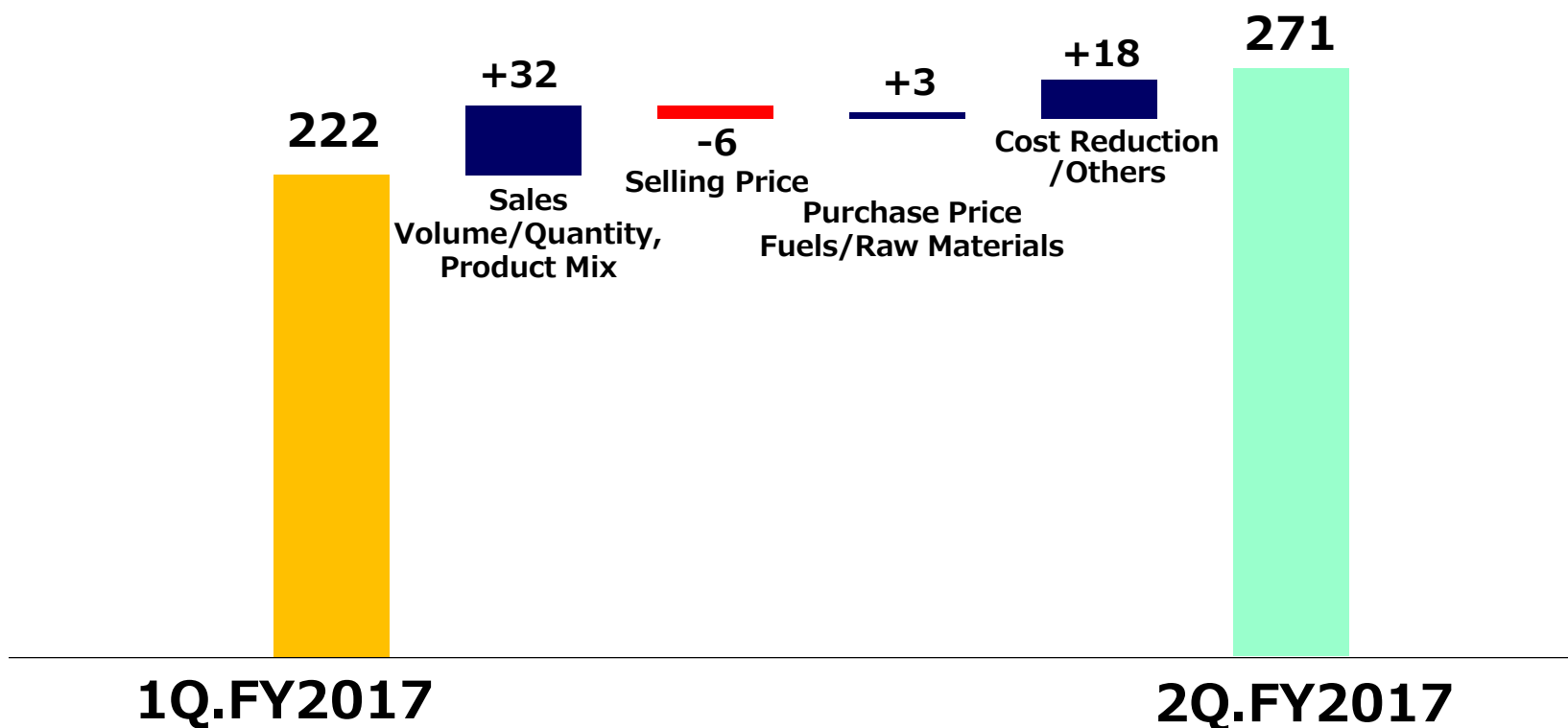
(100 million yen)



Variance Analysis on OP(2Q.FY2017 vs. 1Q.FY2017)

¥ 4.8 bn up from last quarter

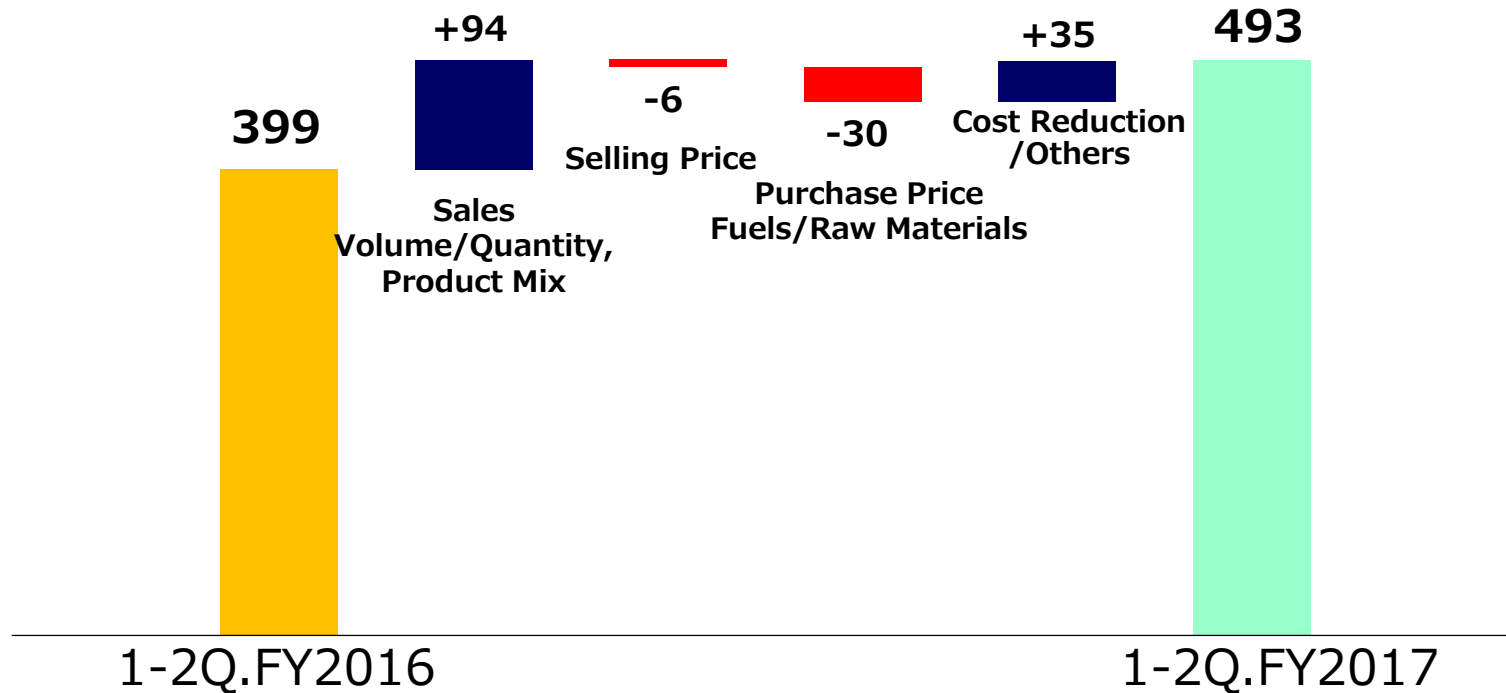
(100 million yen)



Variance Analysis on OP (1-2Q.FY2017 vs. 1-2Q.FY2016) **AGC**

¥9.4 bn. up from the same period last year

(100 million yen)



Consolidated Statement of Financial Position

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	2016/12	2017/6	(100 million yen) Change
Cash and cash equivalents	1,473	981	-492
Inventories	2,273	2,479	+206
Property, plant and equipment, Goodwill and Intangible assets	10,001	11,104	+1,103
Other assets	6,067	6,091	+24
Total assets	19,815	20,656	+842 *
Interest-bearing debt	4,340	4,487	+148
Other liabilities	3,787	4,075	+288
Liabilities	8,127	8,563	+436
Total equity attributable to owners of the parent	10,954	11,129	+174
Non-controlling interests	733	965	+232
Equity	11,687	12,093	+406
Total liabilities and equity	19,815	20,656	+842 *
D/E ratio	0.37	0.37	

* +6.8 billion yen due to foreign exchange fluctuation

Consolidated Statement of Cash Flow

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	2Q		1-2Q Total (100 million yen)	
	FY2016	FY2017	FY2016	FY2017
Profit before tax	239	295	368	489
Depreciation and amortization expense	304	316	618	627
Increase(decrease) in working capital	30	-136	31	-140
Others	-91	-126	-20	-79
Cash flows from operating activities	482	348	997	897
Cash flows from investing activities	-225	-224	-537	-1,223
Free cash flow	257	124	460	-326
Changes in interest-bearing debt	-68	-52	-93	70
Dividends paid	-	-	-104	-104
Others	-4	-11	-13	-126
Cash flows from financing activities	-72	-63	-210	-160
Effect of exchange rate changes on cash and cash equivalents	-28	1	-41	-5
Net increase(decrease) in cash and cash equivalents	157	61	209	-492

(100 million yen)

	2Q		1-2Q Total	
	FY2016	FY2017	FY2016	FY2017
CAPEX	327	343	644	661
Depreciation	304	316	618	627
R&D	96	105	192	207

2. Information by Business and Geographic Segments

Glass Segment (1)

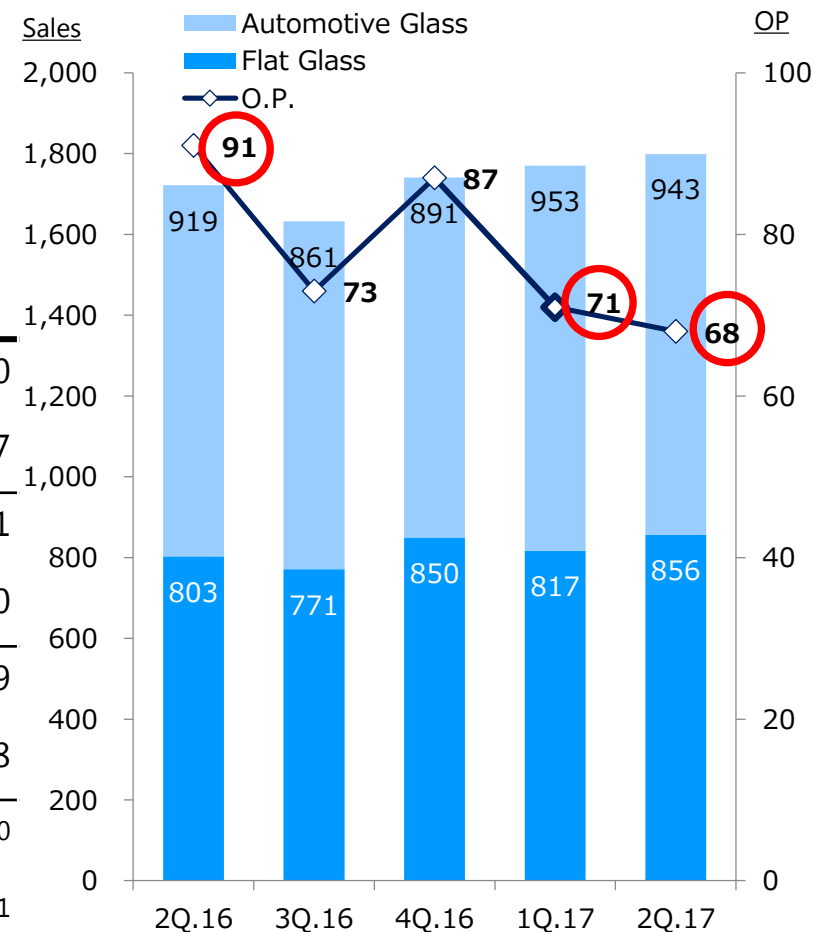
AGC

(100 million yen)

	2Q			1-2Q Total		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net Sales	1,722	1,800	+78	3,431	3,570	+139
Operating profit	91	68	-23	158	140	-19

Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	2Q	1,800	760	319	762	-40
	1-2Q Total	3,570	1,530	628	1,488	-77
Flat glass	2Q	856	294	130	463	-31
	1-2Q Total	1,673	581	257	895	-60
Automotive glass	2Q	943	464	188	299	-9
	1-2Q Total	1,895	948	371	594	-18
Adjustment inside segment	2Q	1	2	0	0	-0
	1-2Q Total	2	1	0	0	1

Performance trend



【YoY comparison for the first six months】

[Architectural Glass]

- North America : Shipments remained favorable.
- Europe : Selling prices increased.

[Automotive Glass]

- The AGC Group's shipments increased as overall auto production remained favorable.

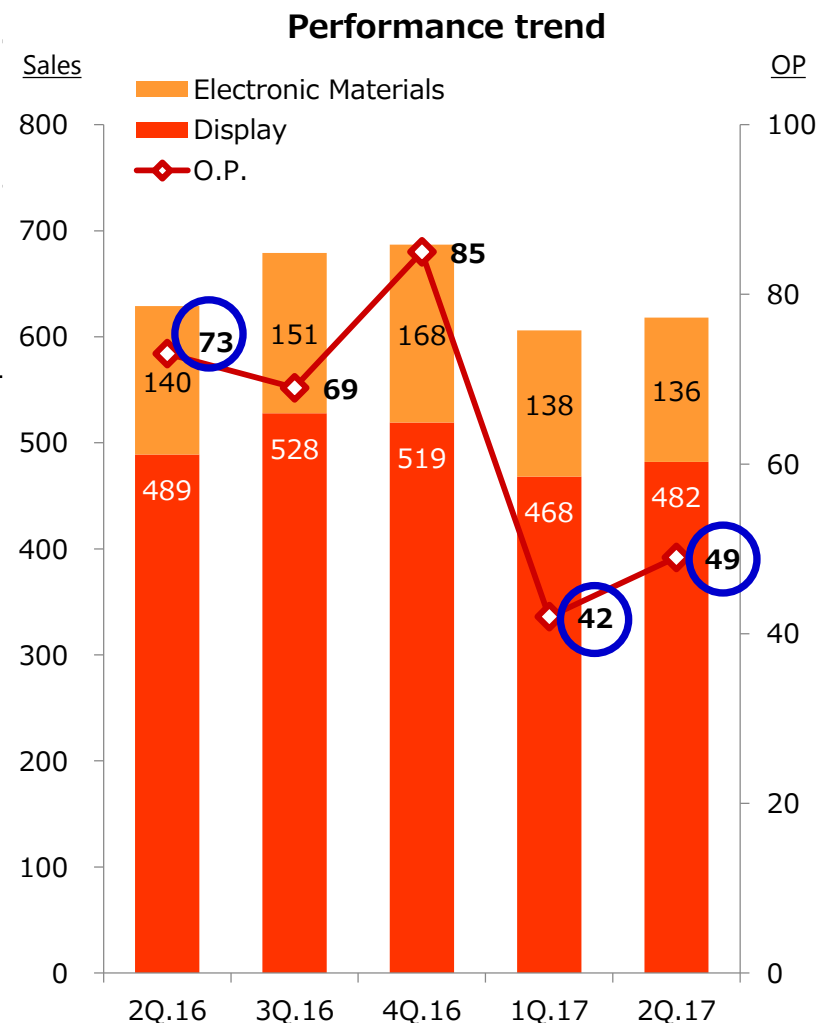
Electronics Segment (1)

(100 million yen)

	2Q			1-2Q Total		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	629	618	-11	1,216	1,224	+8
Operating profit	73	49	-23	96	91	-5

Breakdown of sales

Display	2Q	482
	1-2Q Total	950
Electronic Materials	2Q	136
	1-2Q Total	274



【YoY comparison for the first six months】

[Display]

- LCD glass substrates: Selling prices decreased but shipments increased.
- Specialty glass for display applications: Shipments decreased.
- Cover glass for car-mounted displays: Shipments continued to expand.

[Electronic Materials]

- Shipments of optoelectronics materials and semiconductor-related products increased.

Chemicals Segment (1)

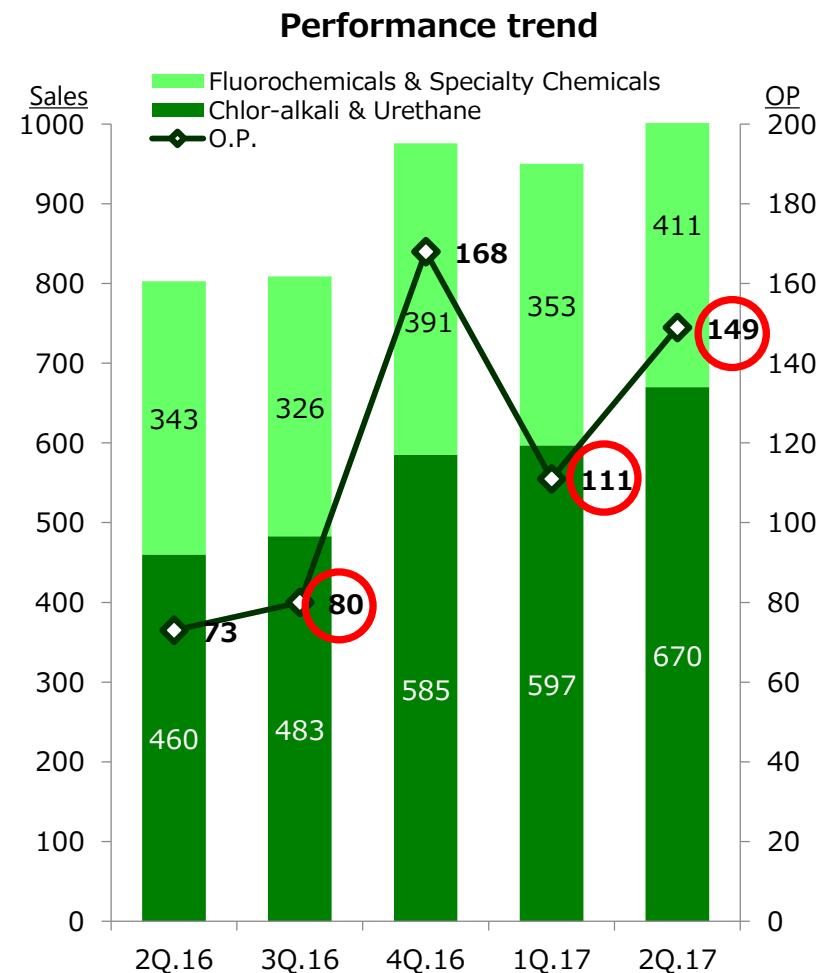
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(100 million yen)

	2Q			1-2Q Total		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	746	1,050	+304	1,472	1,967	+495
Operating profit	73	149	+76	152	260	+108

Breakdown of sales

Chlor-alkali & Urethane	2Q	670
	1-2Q Total	1,268
Fluorochemicals & Specialty Chemicals	2Q	411
	1-2Q Total	764
Elimination	2Q	-31
	1-2Q Total	-65



* The figures are different from the results for the previous fiscal year disclosed previously because net sales for 2016 have been adjusted to reflect the reorganization.

【YoY comparison for the first six months】

〔Chlor-alkali & Urethane〕

- Shipments increased thanks to the demand increase in Indonesia.
- (From March 2017) Consolidated Vinythai that AGC acquired.

〔Fluorochemicals & Specialty Chemicals〕

- (From February, 2017) Consolidated CMC Biologics that AGC acquired.
- Shipments of existing chemical products increased.

YoY Performance Comparison by Business Segment

	2Q			1-2Q Total <small>(100 million yen)</small>		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	3,170	3,456	+377	6,249	6,900	+650
Glass	1,722	1,800	+78	3,431	3,570	+139
Electronics	629	618	-11	1,216	1,224	+8
Chemicals	746	1,050	+304	1,472	1,967	+495
Ceramics/Other	181	186	+5	349	337	-12
Elimination	-109	-108	+1	-219	-199	+20
Operation profit	232	271	+39	399	493	+94
Glass	91	68	-23	158	140	-19
Electronics	73	49	-23	96	91	-5
Chemicals	73	149	+76	152	260	+108
Ceramics/Other	-3	4	+7	-7	1	+8
Elimination	-2	0	+1	-1	1	+2

Quarterly Performance Comparison by Business Segment

(100 million yen)

	1Q. FY2017	2Q. FY2017	Change	Change %
Net sales	3,353	3,546	193	+5.8%
Glass	1,770	1,800	30	+1.7%
Electronics	606	618	12	+1.9%
Chemicals	917	1,050	133	+14.5%
Ceramics/Other	151	186	35	+23.0%
Elimination	-91	-108	-17	-
Operating profit	222	271	48	+21.8%
Glass	71	68	-3	-4.3%
Electronics	42	49	8	-18.8%
Chemicals	111	149	38	+34.1%
Ceramics/Other	-3	4	7	-
Elimination	1	0	-2	-

YoY Performance Comparison by Geographic Segment

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	2Q			1-2Q Total		
	FY2016	FY2017	Change	FY2016	FY2017	Change
	(100 million yen)					
Net sales	3,170	3,546	377	6,249	6,900	650
Japan & Asia	2,106	2,409	302	4,158	4,685	526
Americas	371	411	41	754	810	57
Europe	784	844	60	1,522	1,630	107
Elimination	-91	-117	-26	-185	-225	-40
Operating profit	232	271	39	399	493	94
Japan & Asia	246	294	47	452	564	112
Americas	12	15	3	18	22	4
Europe	39	41	2	60	62	2
Elimination	2	0	-2	6	4	-2
Cross-regional common expenses	-67	-79	-12	-137	-160	-23

Quarterly Performance Comparison by Geographic Segment

(100 million yen)

	1Q. FY2016	2Q. FY2016	Change	Change%
Net sales	3,353	3,546	+193	+5.8%
Japan & Asia	2,276	2,409	+133	+5.8%
Americas	399	411	+12	+3.1%
Europe	786	844	+58	+7.4%
Elimination	-108	-117	-9	-
Operating profit	222	271	+48	+21.8%
Japan & Asia	271	294	+23	+8.4%
Americas	7	15	+8	+113.7%
Europe	21	41	+19	+89.2%
Elimination	4	0	-4	-
Cross-regional common expenses	-81	-79	+3	-

The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1-2Q.FY2016)

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(100 million yen)

Net sales	Consolidated total*	Glass	Electronics	Chemicals
1-2Q. FY2017	6,900	3,570	1,224	1,967
Change vs. 1-2Q. FY2016	+650	+139	+8	+495
Change vs. 1-2Q. FY2016, excluding impacts below	+383	+164	+4	+207
Impact of FOREX	-35	-32	+4	-6
Impact of Change in the Scope of Consolidation	+302	+7	-	+295

* 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	1,450.0 billion yen (up 167.4 billion yen YoY)
Operating profit	115.0 billion yen (up 18.7 billion yen YoY)
Profit before tax	103.0 billion yen (up 35.4 billion yen YoY)
Profit for the year attributable for the owners of the parent	64.0 billion yen (up 16.6 billion yen YoY)

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

FY2017 Forecast (2)

AGC

		FY2016	FY2017 Forecast	Change	(100 million yen) Change%
Net sales		12,826	14,500	+1,674	+13.1%
Operating profit		963	1,150	+187	+19.4%
Profit before tax		676	1,030	+354	+52.4%
Profit for the year attributable to owners of the parent		474	640	+166	+34.9%
Dividend (yen/share)*1		90	100		
Operating profit margin		7.5%	7.9%		
ROE		4.3%	5.8% *2		
Forex (Average)	JPY/USD	108.84	110.0		
	JPY/EUR	120.33	120.0		
Crude oil	\$/BBL(Dubai)	41.5	50.7 *3		

*1 Dividend(yen/share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

*2 ROE of FY2017 Forecast is calculated by using the Total equity attributable to owners of the parent as of June30, 2017.

*3 Crude oil rate for FY2017 second half is 50.0 \$/BBL(Dubai).

[Glass]

- Architectural Glass

Shipments are expected to continue to be favorable.

- Automotive Glass

Shipments are expected to remain favorable as a whole as the markets in emerging countries, such as Russia and Brazil, are picking up.

{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 increase.

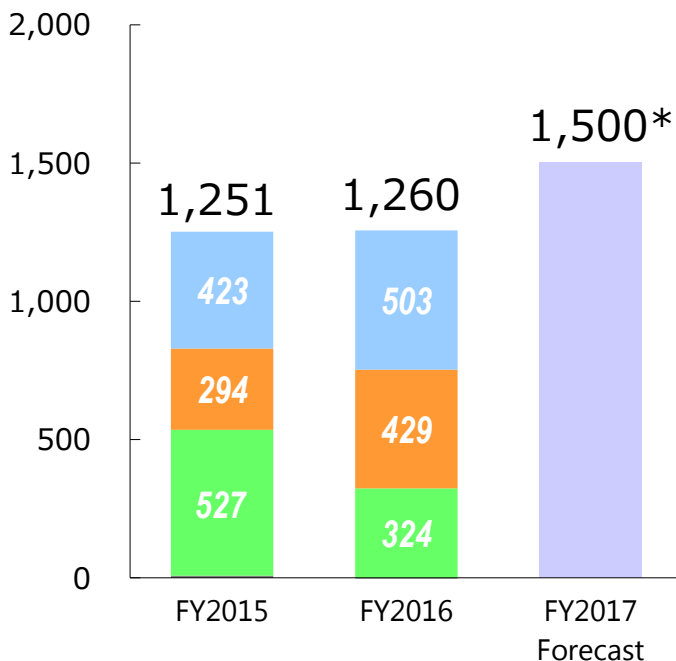
{Chemicals}

- The companies that AGC decided to acquire in the previous year have become consolidated in the AGC Group's financial statements.
- Shipments of chlor-alkali products are expected to increase as the capacity expansion at manufacturing facilities in Indonesia will contribute to the business performance throughout the year.
- Shipments of fluorine-related products and life science products are expected to be favorable.

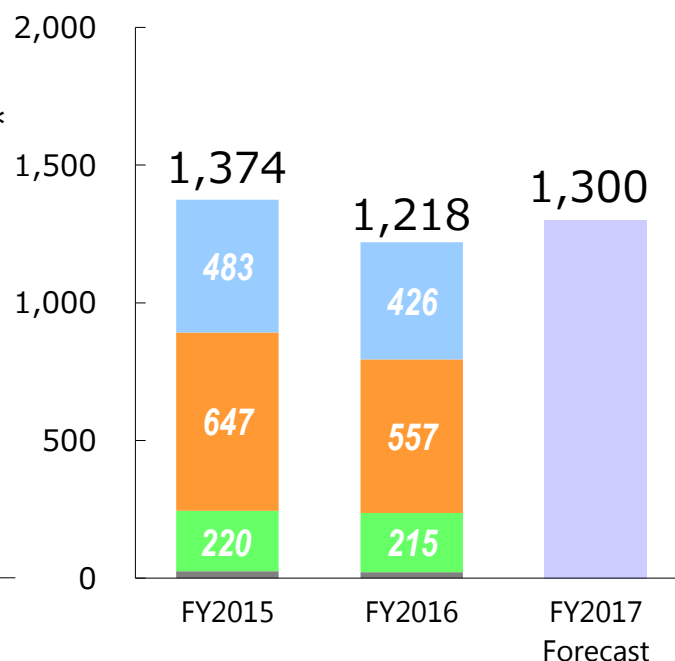
CAPEX / Depreciation / R&D

(100 million yen)

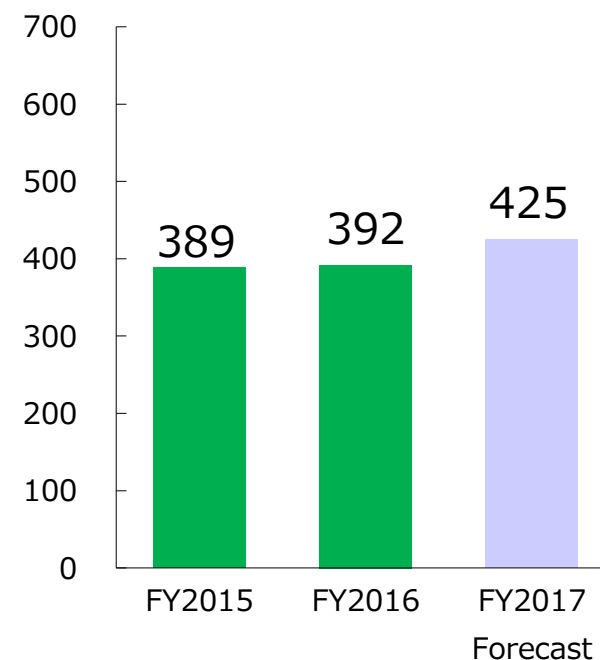
CAPEX



Depreciation



R&D



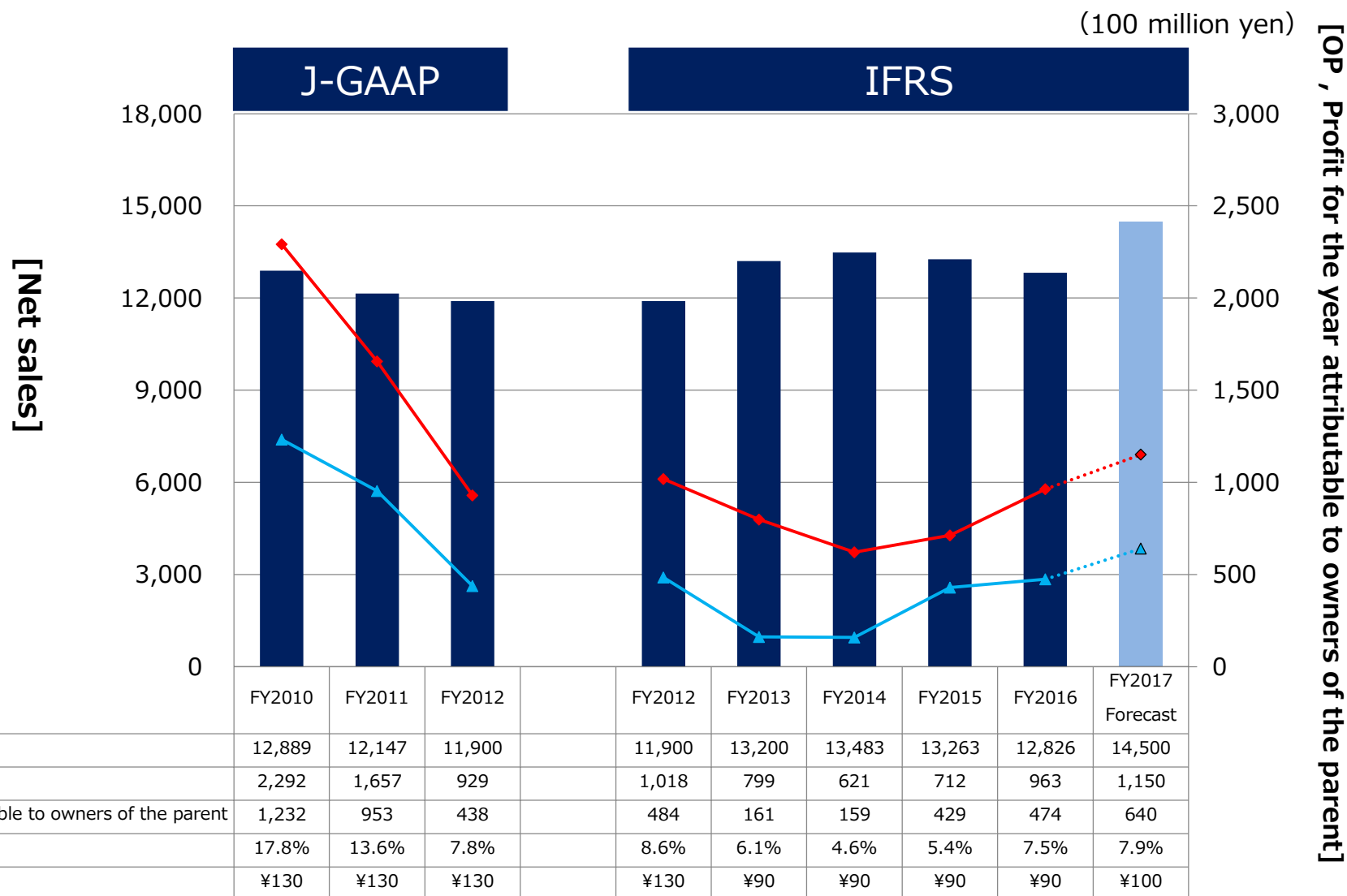
*Revised from beginning of the year Forecast, 1,600.

■ Glass ■ Electronics ■ Chemicals ■ Ceramics / Other

Appendix

Changes in the Financial Results

AGC



(※) Dividend (per share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

Financial index

		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) ^{*3}	Yen	167.65	85.60	527.60	409.50	189.40	209.51	69.85	68.85	185.60	205.15
EBITDA ^{*4}	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 (per share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

*4 Earnings before interest, tax, depreciation and amortization(EBITDA) = Profit before tax + Depreciation + Interest expenses

Exchange rates		FY2016					FY2017			
		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q
JPY / USD	Average	115.48	108.14	102.43	109.30	108.84	113.64	111.09	110.0 ^{*5}	
	At quarter end	112.68	102.91	101.12	116.49	116.49	112.19	112.00		
JPY / EUR	Average	127.23	122.02	114.28	117.78	120.33	121.08	122.19	120.0 ^{*5}	
	At quarter end	127.70	114.39	113.36	122.70	122.70	119.79	127.97		

*5 Assumption for FY2017

Major Press Release in FY2017

AGC

Date	Summary
January 17	AGC Unveils Innovative Glass Substrates for Semiconductor Packaging
February 1	AGC Asahi Glass to Establish New R&D System for seamless research and open collaboration
February 2	AGC Asahi Glass to Exhibit at Milan Design Week 2017, One of the World's Largest Design Festivals
February 7	Announcement regarding Share Repurchases
February 23	AGC Completes Acquisition of Vinythai PCL
March 6	AGC Launches Global Sales of SURECO™, a High-Performance Fluorinated Coating
May 1	AGC Asahi Glass WONDERLITE™ Adopted for Luxury Train, "Train Suite Shiki-shima"
May 12	AGC to Enhance Architectural Glass Production in Indonesia
May 23	AGC Begins Mass Production of 3D Curved Cover Glass for Car-Mounted Displays for the First Time in the World* * As of May 23, 2017, based on AGC research
June 19	Railway Glass Made by AGC Asahi Glass Adopted for New Sleeper Train - "Twilight Express Mizukaze"
June 20	AGC Asahi Glass to Sell Stake in Architectural Glass Subsidiary in Philippines
July 6	AGC Asahi Glass Launches Mass Production of "XCV™" Glass Substrate for LGPs
August 1	Announcement regarding Corporate Name Change

Disclaimer

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