

# Financial Results for FY2017

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 'C'.

**AGC Asahi Glass**

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# Financial Results for FY2017

# **1. Highlights of the Financial Results**

<b>Net sales</b>	<b>1,463.5 billion yen</b>	up 181.0 billion yen(14.1%) YoY
<b>Operating profit</b>	<b>119.6 billion yen</b>	up 23.4 billion yen(24.3%) YoY
<b>Profit for the year attributable to owners of the parent</b>	<b>69.2 billion yen</b>	up 21.8 billion yen(45.9%) YoY

✓increased volume of shipments at each business segment

✓consolidation of companies acquired in 2017

⇒Net sales and operating profit up

# Summary of the Financial Results

**AGC**

(100 million yen)

		FY2016	FY2017	Change	Change %
<b>Net sales</b>		12,826	<b>14,635</b>	+1,810	+14.1%
<b>Operating profit</b>		963	<b>1,196</b>	+234	+24.3%
<b>Profit before tax</b>		676	<b>1,144</b>	+469	+69.4%
<b>Profit for the year attributable to owners of the parent</b>		474	<b>692</b>	+218	+45.9%
<b>Dividend (yen/share)</b>		90	<b>105</b>		
<b>Operating profit margin</b>		7.5%	<b>8.2%</b>		
<b>ROE</b>		4.3%	<b>6.1%</b>		
<b>Forex (Average)</b>	JPY/USD	108.84	<b>112.19</b>		
	JPY/EUR	120.33	<b>126.67</b>		
<b>Crude oil</b>	\$/BBL(Dubai)	41.5	<b>53.2</b>		

# Consolidated Statements of Profit or Loss

**AGC**

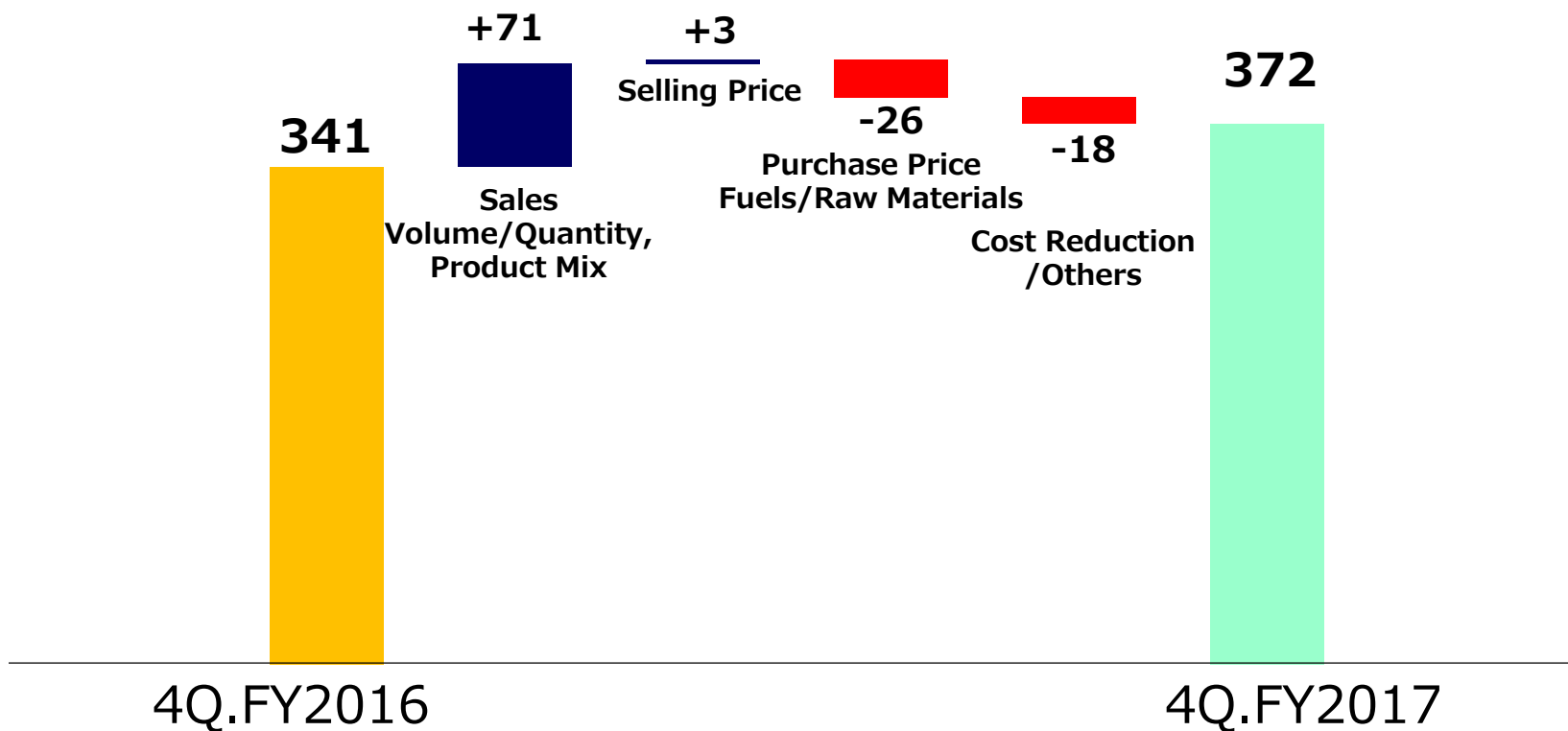
	4Q			Full-year			(100 million yen)
	FY2016	<b>FY2017</b>	Change	FY2016	<b>FY2017</b>	Change	
<b>Net Sales</b>	3,427	<b>3,996</b>	+569*	12,826	<b>14,635</b>	+1,810*	
<b>Operating Profit</b>	341	<b>372</b>	+31	963	<b>1,196</b>	+234	
other income/expenses	-146	<b>-42</b>		-275	<b>-57</b>		
<b>Business Profit</b>	196	<b>330</b>	+134	688	<b>1,139</b>	+451	
Financial income/cost	8	<b>7</b>		-13	<b>5</b>		
<b>Profit before tax</b>	204	<b>337</b>	+134	676	<b>1,144</b>	+469	
income tax expenses	-37	<b>-224</b>		-142	<b>-351</b>		
<b>Profit for the year</b>	167	<b>113</b>	-54	534	<b>793</b>	+259	
<b>attributable to owners of the parent</b>	145	<b>86</b>	-59	474	<b>692</b>	+218	
attributable to non-controlling interests	22	<b>27</b>		59	<b>101</b>		

\* Foreign exchange fluctuation resulted  
 Net Sales 4Q +17.1 billion yen.  
 Net Sales Full-year +36.0 billion yen

# Variance Analysis on OP(4Q.FY2017 vs. 4Q.FY2016)

¥ 3.1 bn up from same period last year

(100 million yen)

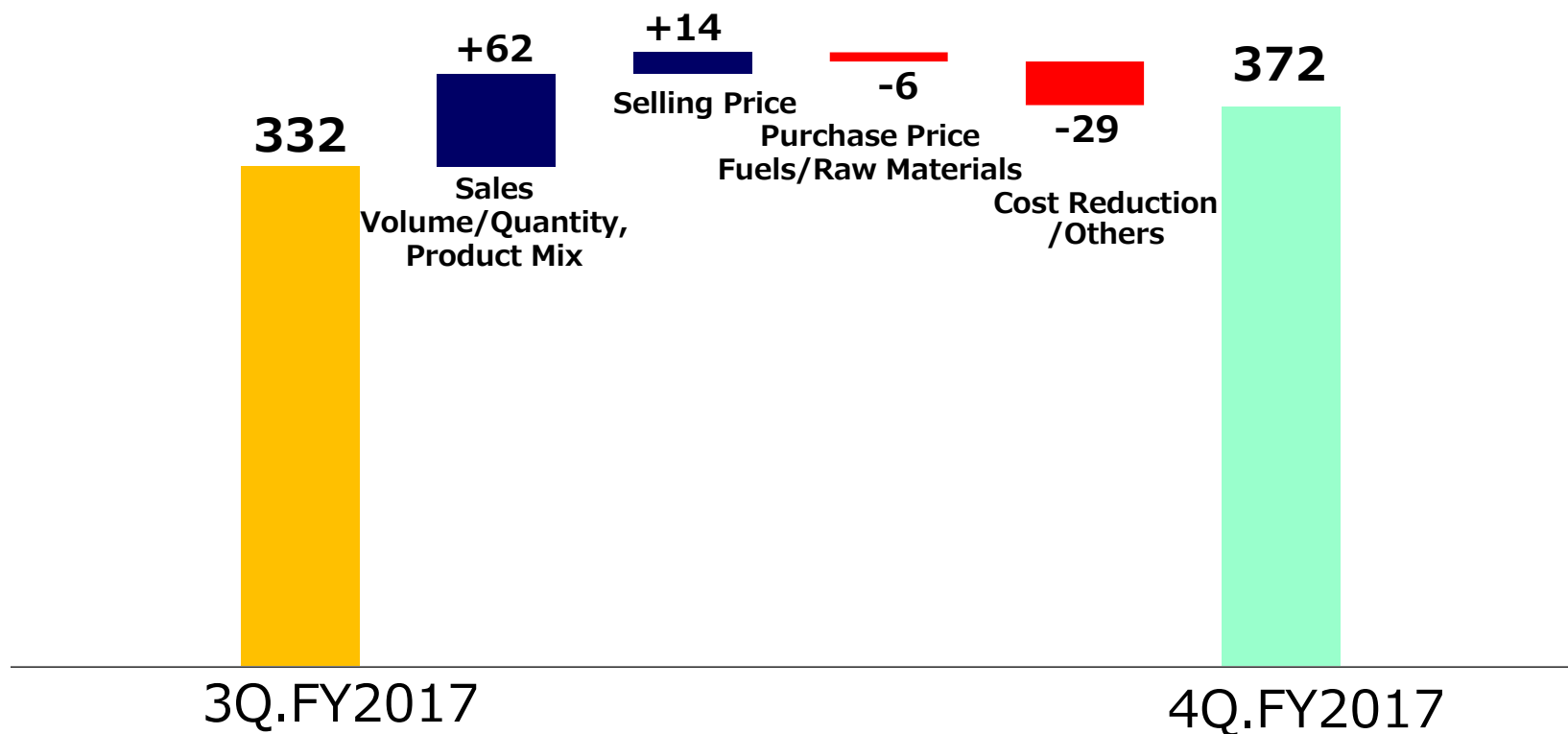




# Variance Analysis on OP(4Q.FY2017 vs. 3Q.FY2017)

¥ 4.0 bn up from last quarter

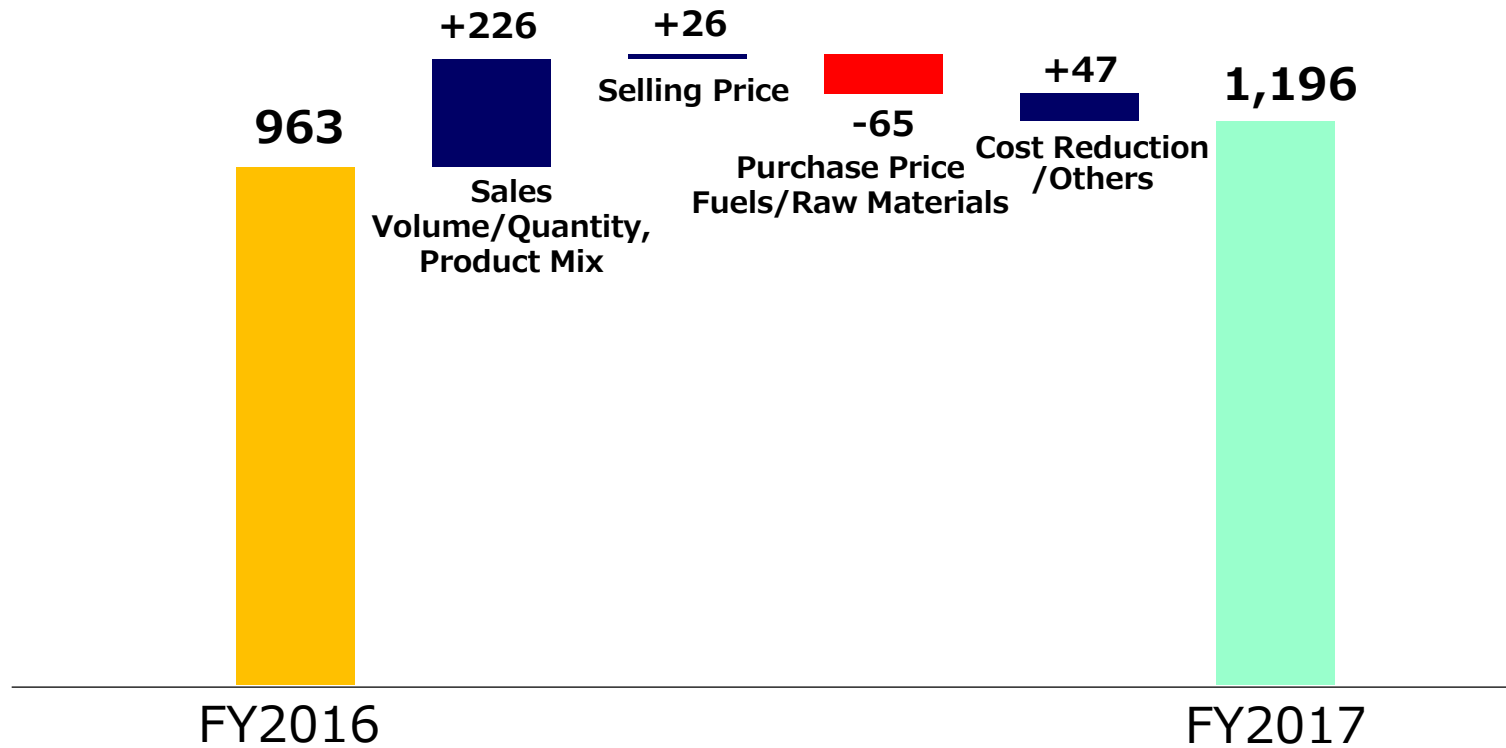
(100 million yen)



# Variance Analysis on OP (FY2017 vs. FY2016)

¥23.4 bn. up from the previous year

(100 million yen)



# Consolidated Statement of Financial Position

**AGC**

	FY2016	FY2017	Change <sup>(100 million yen)</sup>
Cash and cash equivalents	1,473	<b>1,264</b>	-209
Inventories	2,273	<b>2,617</b>	+344
Property, plant and equipment, Goodwill and Intangible assets	10,001	<b>11,974</b>	+1,973
Other assets	6,067	<b>6,430</b>	+363
<b>Total assets</b>	19,815	<b>22,286</b>	+2,471 *
Interest-bearing debt	4,340	<b>4,891</b>	+551
Other liabilities	3,787	<b>4,496</b>	+708
<b>Liabilities</b>	8,127	<b>9,387</b>	+1,260
Total equity attributable to owners of the parent	10,954	<b>11,840</b>	+886
Non-controlling interests	733	<b>1,059</b>	+326
<b>Equity</b>	11,687	<b>12,899</b>	+1,212
<b>Total liabilities and equity</b>	19,815	<b>22,286</b>	+2,471 *
<b>D/E ratio</b>	0.37	<b>0.38</b>	* +59.5 billion yen due to foreign exchange fluctuation

# Consolidated Statement of Cash Flow

**AGC**

	FY2016	<b>FY2017</b> (100 million yen)
Profit before tax	676	<b>1,144</b>
Depreciation and amortization expense	1,218	<b>1,282</b>
Increase(decrease) in working capital	121	<b>-150</b>
Others	22	<b>-242</b>
<b>Cash flows from operating activities</b>	<b>2,036</b>	<b>2,035</b>
<b>Cash flows from investing activities</b>	<b>-1,136</b>	<b>-2,096</b>
<b>Free cash flow</b>	<b>900</b>	<b>-61</b>
Changes in interest-bearing debt	-238	<b>314</b>
Dividends paid	-208	<b>-219</b>
Others	-18	<b>-283</b>
<b>Cash flows from financing activities</b>	<b>-465</b>	<b>-187</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-11</b>	<b>39</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>425</b>	<b>-209</b>

# CAPEX, Depreciation and R&D

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(100 million yen)

	FY2016	FY2017
<b>CAPEX</b>	1,260	<b>1,651</b>
Glass	503	<b>638</b>
Electronics	429	<b>480</b>
Chemicals	324	<b>505</b>
Ceramics/Other	5	<b>28</b>
<b>Depreciation</b>	1,218	<b>1,282</b>
Glass	426	<b>454</b>
Electronics	557	<b>513</b>
Chemicals	215	<b>294</b>
Ceramics/Other	22	<b>21</b>
Elimination	-1	<b>-1</b>
<b>R&amp;D</b>	382	<b>439</b>

## **2. Information by Business and Geographic Segments**

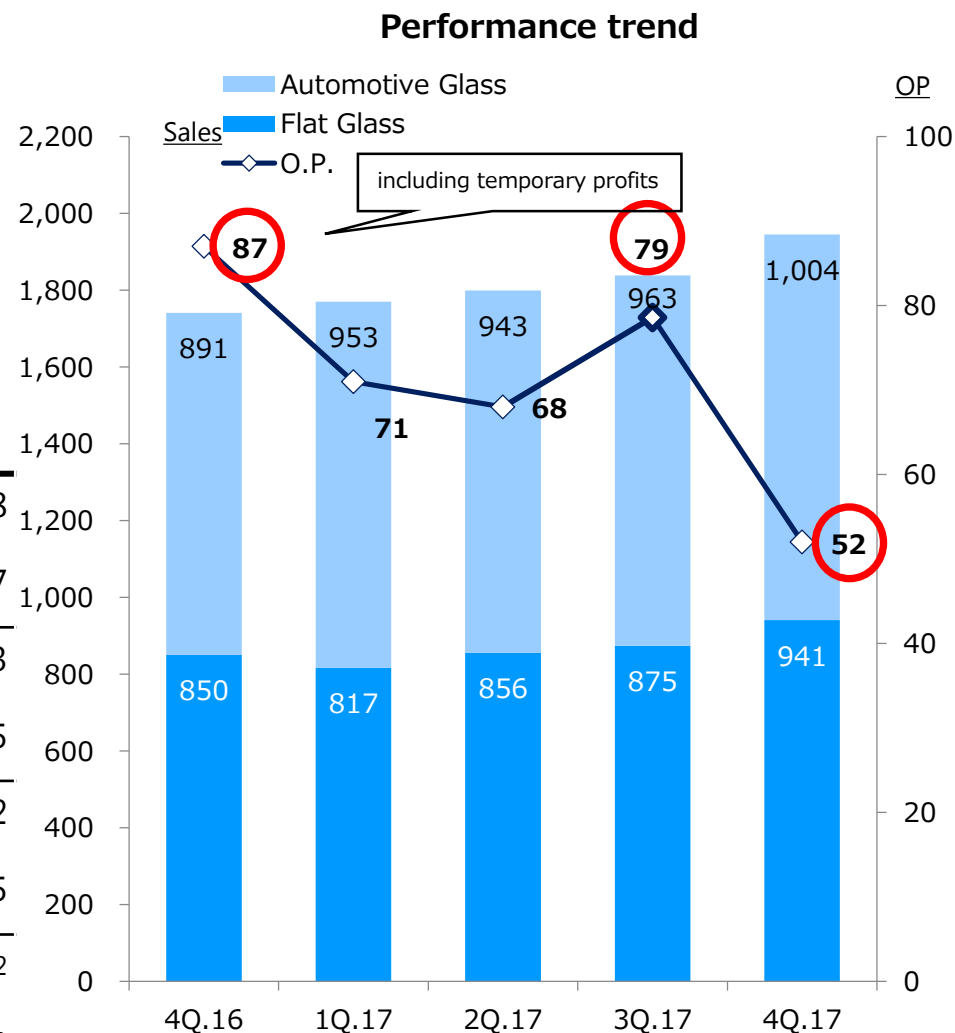
# Glass Segment (1)

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(100 million yen)

	4Q			Full-year		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net Sales	1,734	<b>1,944</b>	<b>+210</b>	6,800	<b>7,351</b>	<b>+551</b>
Operating profit	87	<b>52</b>	<b>-34</b>	318	<b>271</b>	<b>-48</b>

Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
	Full-year	7,351	3,186	1,279	3,053	-167
Flat glass	4Q	941	338	128	509	-33
	Full-year	3,489	1,221	530	1,862	-125
Automotive glass	4Q	1,004	518	192	307	-12
	Full-year	3,862	1,969	748	1,191	-45
Adjustment inside segment	4Q	-2	1	0	0	-2
	Full-year	0	-3	0	0	3



## Highlights (YoY)

- Finished as net sales up, operating profit down
- Shipment was favorable, but due to cost increase, and impact of the temporary factors from the previous year, operating profit decreased

### [Topics]

- Shipments of Architectural and Auto were both favorable.
- Price increase of Architectural glass in Europe has penetrated.
- Increase of fuel prices, and logistic costs in Europe.

### [Temporary factors]

- Impact of the previous year's temporary gain from a revision of a pension plan at subsidiary in the US.
- Increase of SG&A costs due to the revision of corporate cost's allocation rules within AGC.



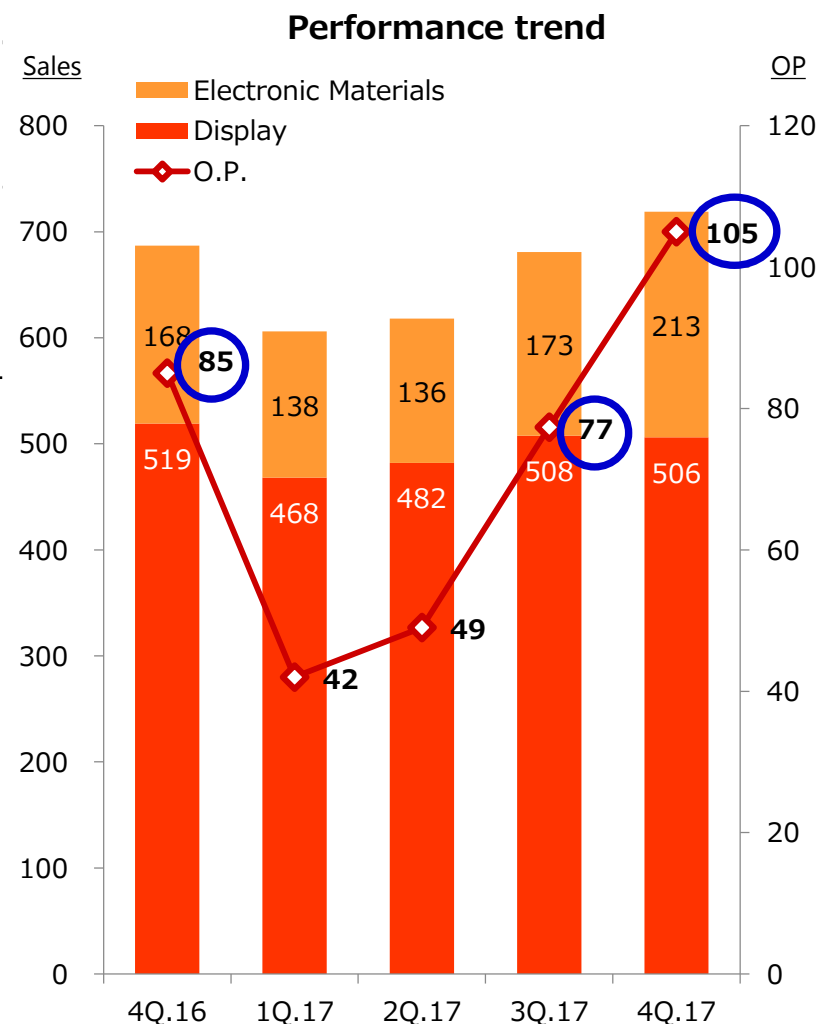
# Electronics Segment (1)

(100 million yen)

	4Q			Full-year		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	687	<b>719</b>	<b>+32</b>	2,581	<b>2,624</b>	<b>+43</b>
Operating profit	85	<b>105</b>	<b>+20</b>	250	<b>273</b>	<b>+23</b>

## Breakdown of sales

Display	4Q	506
	Full-year	1,963
Electronic Materials	3Q	213
	1-3Q Total	661
	4Q	213



## Highlights (YoY)

- **OP increased YoY for the first time in 7 years**
- **Decline of selling price of LCD glass substrates became moderate, and shipments of electronic materials increased significantly**

### [Topics]

- Decline of selling price of LCD glass substrates became moderate.
- Cost reduction for LCD glass substrates continued.
- For electric materials, shipments of both optoelectronic materials and semiconductor-related products increased.
- Shipments of cover glass for car-mounted displays increased steadily.

# Chemicals Segment (1)

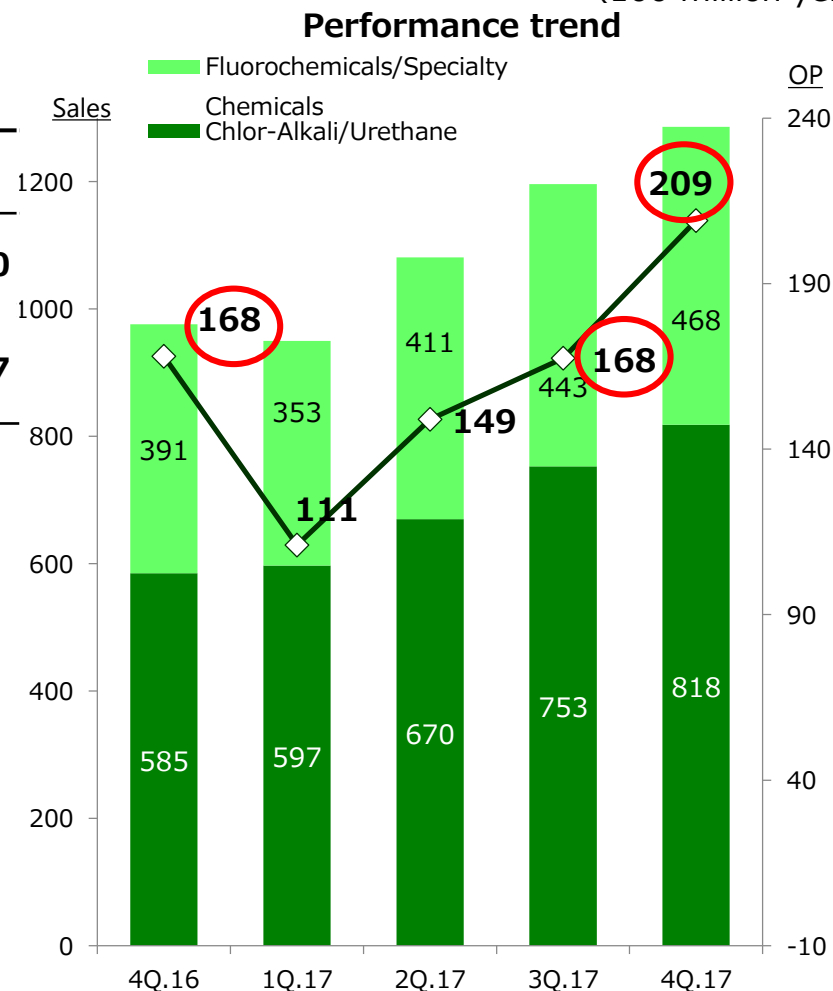
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(100 million yen)

	4Q			Full-year		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Net sales	924	<b>1,252</b>	<b>+328</b>	3,166	<b>4,376</b>	<b>+1,210</b>
Operating profit	168	<b>209</b>	<b>+41</b>	400	<b>637</b>	<b>+237</b>

## Breakdown of sales

Chlor-alkali & Urethane	4Q	818
	Full-year	2,838
Fluorochemicals & Specialty Chemicals	4Q	468
	Full-year	1,675
Elimination	4Q	-34
	Full-year	-138



\* 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.

## Highlights (YoY)

- Profit of Chlor-alkali and Fluorochemical products increased significantly
- Achieved record of high profit for 4 consecutive fiscal years

### [Topics]

- Significant increase of chlor-alkali product shipments from the strong market in Southeast Asia.
- Increase of shipments of Fluorochemicals products.
- Consolidation of Vinythai contributed to increase of sales and profit.

# YoY Performance Comparison by Business Segment

**AGC**

	4Q			Full-year			(100 million yen)
	FY2016	<b>FY2017</b>	Change	FY2016	<b>FY2017</b>	Change	
<b>Net sales</b>	3,427	<b>3,996</b>	+569	12,826	<b>14,635</b>	+1,810	
Glass	1,734	<b>1,944</b>	+210	6,800	<b>7,351</b>	+551	
Electronics	687	<b>719</b>	+32	2,581	<b>2,624</b>	+43	
Chemicals	924	<b>1,252</b>	+328	3,166	<b>4,376</b>	+1,210	
Ceramics/Other	193	<b>229</b>	+37	708	<b>754</b>	+47	
Elimination	-111	<b>-148</b>	-37	-429	<b>-470</b>	-41	
<b>Operating profit</b>	341	<b>372</b>	+31	963	<b>1,196</b>	+234	
Glass	87	<b>52</b>	-34	318	<b>271</b>	-48	
Electronics	85	<b>105</b>	+20	250	<b>273</b>	+23	
Chemicals	168	<b>209</b>	+41	400	<b>637</b>	+237	
Ceramics/Other	3	<b>5</b>	+2	-2	<b>14</b>	+16	
Elimination	-1	<b>0</b>	+1	-3	<b>1</b>	+4	

# QoQ Performance Comparison by Business Segment

**AGC**

	3Q. FY2017	<b>4Q. FY2017</b>	Change	Change % (100 million yen)
<b>Net sales</b>	3,740	<b>3,996</b>	+256	+6.8%
Glass	1,837	<b>1,944</b>	+106	+5.8%
Electronics	681	<b>719</b>	+38	+5.6%
Chemicals	1,157	<b>1,252</b>	+95	+8.2%
Ceramics/Other	187	<b>229</b>	+42	+22.6%
Elimination	-123	<b>-148</b>	-25	-
<b>Operating profit</b>	332	<b>372</b>	+40	+12.2%
Glass	79	<b>52</b>	-26	-33.3%
Electronics	77	<b>105</b>	+28	+35.6%
Chemicals	168	<b>209</b>	+42	+24.9%
Ceramics/Other	8	<b>5</b>	-3	-36.4%
Elimination	0	<b>0</b>	0	-

# YoY Performance Comparison by Geographic Segment

	4Q			Full-year (100 million yen)		
	FY2016	<b>FY2017</b>	Change	FY2016	<b>FY2017</b>	Change
<b>Net sales</b>	3,427	<b>3,966</b>	+569	12,826	<b>14,635</b>	+1,810
Japan & Asia	2,447	<b>2,793</b>	+347	8,816	<b>10,072</b>	+1,256
Americas	358	<b>433</b>	+75	1,462	<b>1,684</b>	+222
Europe	724	<b>907</b>	+183	2,919	<b>3,372</b>	+453
Elimination	-102	<b>-138</b>	-36	-371	<b>-492</b>	-121
<b>Operating profit</b>	341	<b>372</b>	+31	963	<b>1,196</b>	+234
Japan & Asia	376	<b>449</b>	+73	1,105	<b>1,394</b>	+289
Americas	38	<b>16</b>	-21	64	<b>50</b>	-14
Europe	12	<b>19</b>	+7	89	<b>109</b>	+21
Elimination	-1	<b>-4</b>	-3	2	<b>-1</b>	-3
Cross-regional common expenses	-83	<b>-108</b>	-25	-297	<b>-356</b>	-59

# QoQ Performance Comparison by Geographic Segment

(100 million yen)

	3Q. FY2017	4Q. FY2017	Change	Change%
<b>Net sales</b>	3,740	<b>3,996</b>	+256	+6.8%
Japan & Asia	2,594	<b>2,793</b>	+199	+7.7%
Americas	440	<b>433</b>	-7	-1.7%
Europe	835	<b>907</b>	+72	+8.6%
Elimination	-130	<b>-138</b>	-8	-
<b>Operating profit</b>	332	<b>372</b>	+40	+12.2%
Japan & Asia	381	<b>449</b>	+69	+18.1%
Americas	11	<b>16</b>	+5	+48.7%
Europe	29	<b>19</b>	-10	-35.4%
Elimination	-1	<b>-4</b>	-3	-
Cross-regional common expenses	-88	<b>-108</b>	-20	-



# The Impact of FOREX and Change in the Scope of Consolidation (Compared with FY2016)

**AGC**

(100 million yen)

Net sales	Consolidated total*	Glass	Electronics	Chemicals
<b>FY2017</b>	<b>14,635</b>	<b>7,351</b>	<b>2,624</b>	<b>4,376</b>
Change vs. FY2016	+1,810	+551	+43	+1,210
Change vs. FY2016, excluding impacts below	+671	+292	+2	+373
Impact of FOREX	+360	+252	+40	+65
Impact of Change in the Scope of Consolidation	+779	+7	-	+771

\* The sum of the segment amounts may not be equal to the consolidated total, since it excludes the amount of Other Segment and elimination.

# Outlook for FY2018

<b>Net sales</b>	<b>1,550.0 billion yen</b>	<b>up 86.5 billion yen (5.9%) YoY</b>
<b>Operating profit</b>	<b>130.0 billion yen</b>	<b>up 10.4 billion yen (8.7%) YoY</b>
<b>Profit before tax</b>	<b>118.0 billion yen</b>	<b>up 3.6 billion yen (3.1%) YoY</b>
<b>Profit for the year attributable for the owners of the parent</b>	<b>77.0 billion yen</b>	<b>up 7.8 billion yen (11.2%) YoY</b>

# FY2018 Forecast -2

**AGC**

		FY2017	FY2018 forecast	change	(100 million yen) change%
<b>Net sales</b>		14,635	<b>15,500</b>	+865	+5.9%
<b>Operating profit</b>		1,196	<b>1,300</b>	+104	+8.7%
<b>Profit before tax</b>		1,144	<b>1,180</b>	+36	+3.1%
<b>Profit for the year attributable to owners of the parent</b>		692	<b>770</b>	+78	+11.2%
<b>Dividend (yen/share)*1</b>		105	<b>110</b>		
<b>Operating profit margin</b>		8.2%	<b>8.4%</b>		
<b>ROE</b>		6.1%	<b>6.5%*2</b>		
<b>Forex (Average)</b>	JPY/USD	112.19	<b>110.0</b>		
	JPY/EUR	126.67	<b>135.0</b>		
<b>Crude oil</b>	\$/BBL(Dubai)	53.2	<b>65.0</b>		

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

\*2 ROE of FY2018 Forecast is calculated by using the Attributable to owners of the parent as of Dec. 31, 2017.

## [Glass]

Business performance is forecasted to recover supported by strong demand

- Architectural Glass
  - Shipments are forecasted to increase in many regions.
  - Maintain pricing in Europe as 2017.
  
- Automotive Glass
  - Europe: shipments are projected to remain high, supported by stable demand.
  - Asia : Stable production is in prospect, due to the settlement of production line trouble in 2017.

## 〔Electronics〕

- Decline of selling price of LCD glass substrates is forecasted to be more moderate. However, foreign exchange fluctuation will be a concern.
- Strategic business is forecasted to continue to grow.
- Display
  - LCD glass substrates
    - Shipments of LCD glass substrates is forecasted to be favorable. Decline of selling price is forecasted to be more moderate.
    - Costs are forecasted to increase due to recent strong Asian foreign currency, and soaring fuel prices.
  - Specialty glass for display applications.
    - Shipments are forecasted to increase.
  - Cover glass for car-mounted displays
    - Shipments is forecasted to increase. Mass production is established, and will contribute to sales and profit.

- Electronic materials
  - Shipments of both optoelectronic materials and semiconductor-related products is forecasted to increase.
  - New products, such as EUVL Mask Blanks is forecasted to expand its shipments.

## [Chemicals]

- Strong shipments of Chlor-Alkali will continue, based on the strong demand in Southeast Asia.
- Life science business will continue to grow.
  
- Chlor-Alkali & Urethane:
  - Strong shipments will continue in South East Asia.
  - Construction of the power plant at an Indonesian subsidiary is expected to contribute to cost reduction.
- Fluorochemicals
  - Shipment level is forecasted to remain high.
- Life science
  - Shipments is forecasted to increase in bio-pharmaceutical and synthetic pharmaceutical business.

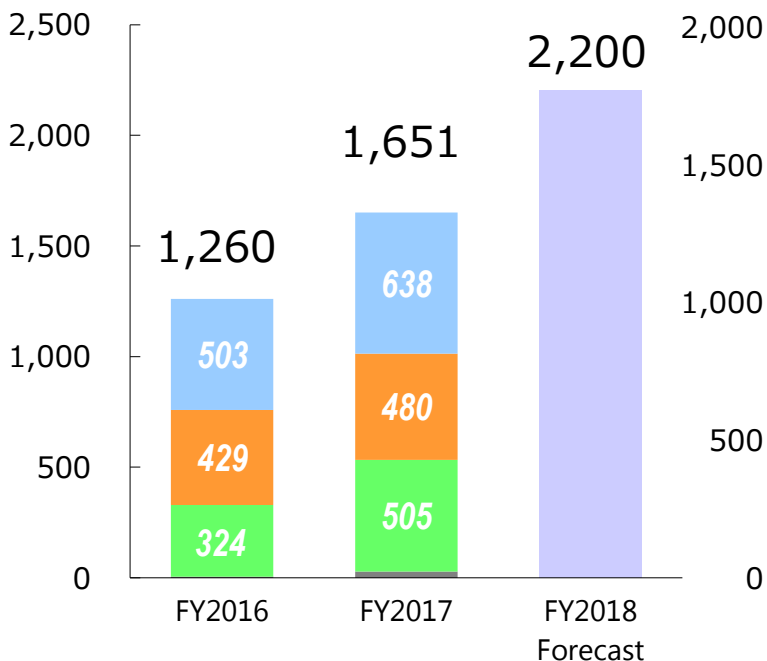


# CAPEX / Depreciation / R&D

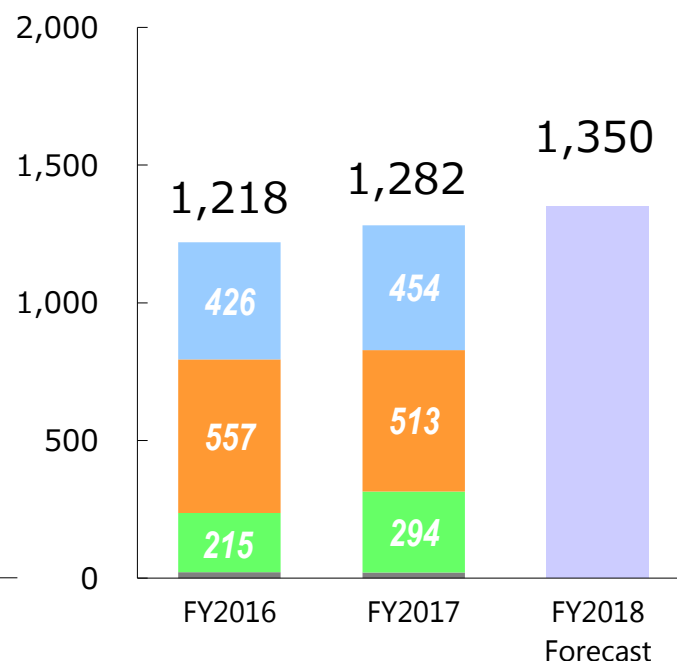
AGC

(100 million yen)

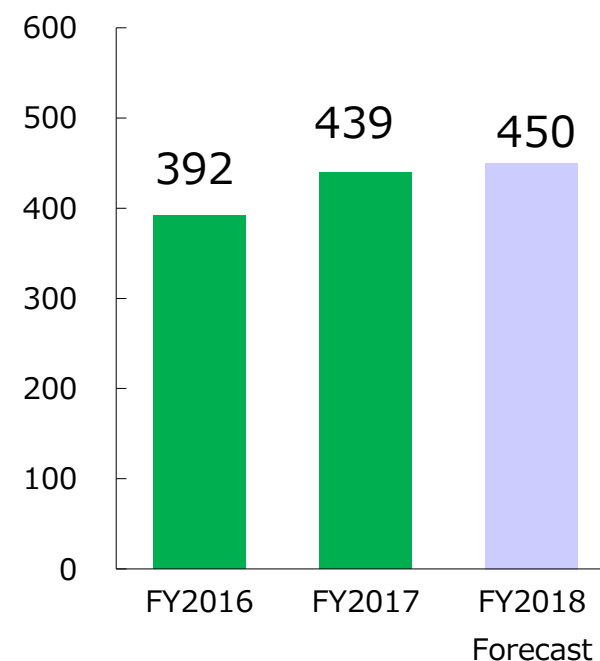
## CAPEX



## Depreciation



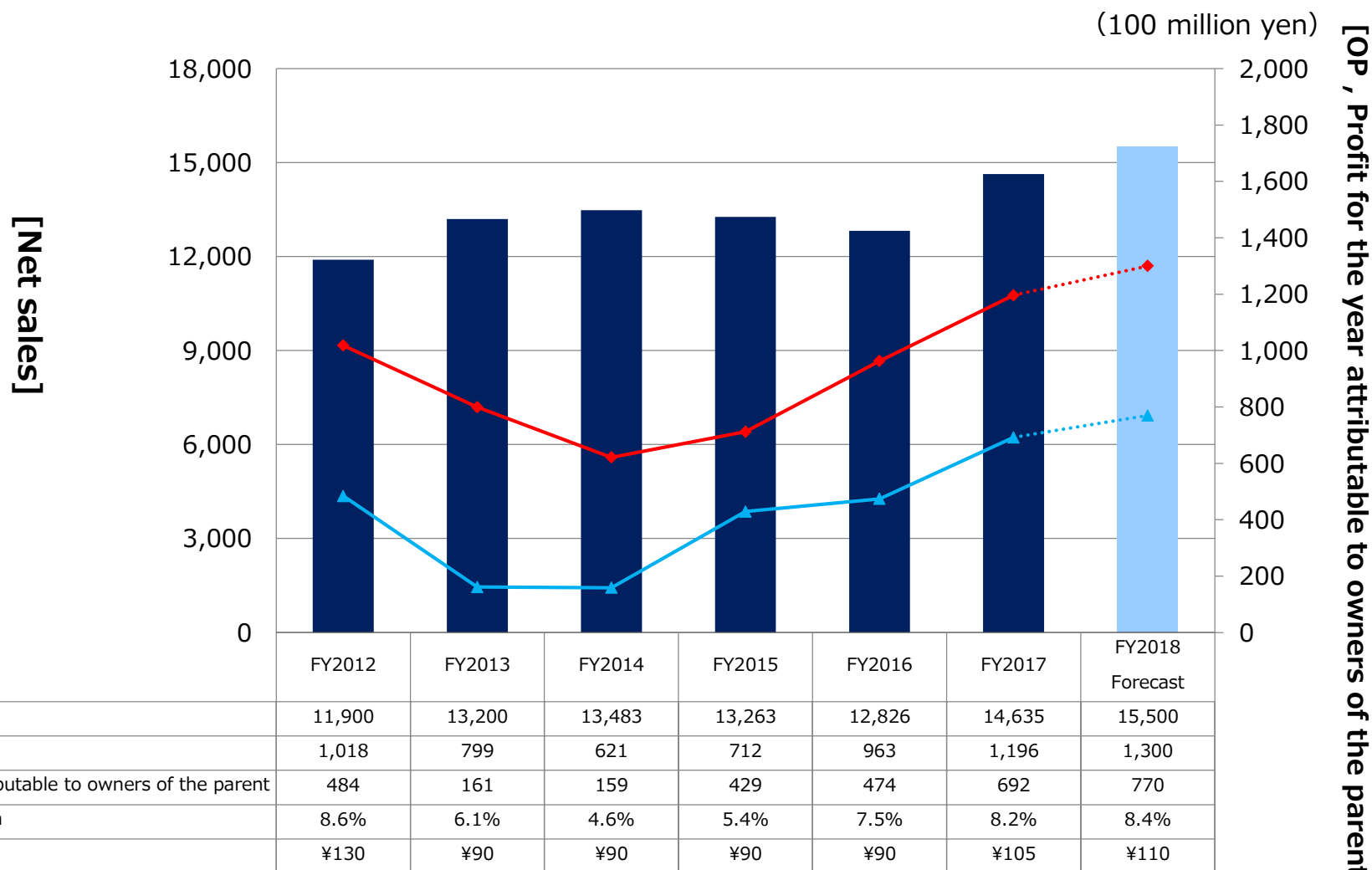
## R&D



■ Glass ■ Electronics ■ Chemicals ■ Ceramics / Other

# Appendix

# Changes in the Financial Results



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

		IFRS					
		12/12	13/12	14/12	15/12	16/12	17/12
Return on equity <sup>*1</sup>	%	5.8%	1.6%	1.4%	3.9%	4.3%	6.1%
Return on assets <sup>*2</sup>	%	5.6%	4.0%	3.0%	3.5%	4.9%	5.7%
Equity ratio	%	47%	51%	54%	55%	55%	53%
Debt/Equity ratio	times	0.56	0.50	0.42	0.40	0.37	0.38
CF from Operating Activities/Interest-bearing debt	times	0.32	0.29	0.27	0.40	0.47	0.42
Earnings (per share) <sup>*3</sup>	Yen	209.51	69.85	68.85	185.60	205.14	302.12
EBITDA <sup>*4</sup>	100 million yen	2,000	1,866	1,859	2,284	1,958	2,499

\*1 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				FY2018	
			1Q	2Q	3Q	4Q		
JPY/USD	Average	108.84	113.64	111.09	111.03	112.98	112.19	110.0*
	At quarter end	116.49	112.19	112.0	112.73	113.00	-	
JPY/EUR	Average	120.33	121.08	122.19	130.38	133.01	126.67	135.0*
	At quarter end	122.70	119.79	127.97	132.85	134.94	-	

\* Assumption for FY2018

# Major Press Release in FY2017

AGC

Date	Summary
January 17	AGC Unveils Innovative Glass Substrates for Semiconductor Packaging
March 6	AGC Launches Global Sales of SURECO™, a High-Performance Fluorinated Coating
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
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 24	AGC to Build a Furnace in China for 11th Generation TFT-LCD Glass Substrates
September 14	AGC's Curved Cover Glass for Car-Mounted Displays Incorporated to the Mass Produced Vehicle
September 20	Renovated AGC Studio to Reopen as a Hub for AGC's Brand Promotion
September 25	AGC to Expand Production Capacity at Its Subsidiary CMC Biologics Copenhagen, Denmark Facility
October 23	AMOLEA™ 1224yd, New Refrigerant with Lower Environmental Impact, Acquires International Certification
November 6	AGC launches the new brand "FORBLUE™", serving the expanding needs for chemical separation
December 8	AGC and Kinestral Technologies Announce Joint Ventures to Accelerate Global Adoption of Halio™ Smart-Tinting Glass
December 13	AGC Starts Construction of Net Zero-Energy Building (ZEB)
December 14	AGC Develops Technology to Enhance the Performance of Carbon Fiber Reinforced Thermoplastic (CFRTP)

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