

Financial Results for the Three Months ended March 31, FY2018

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 the Three Months ended March 31, FY2018

1. Highlights of the Financial Results

Net sales	372.5 billion yen (up 37.1 billion yen, +11.1% YoY)
Operating profit	30.6 billion yen (up 8.4 billion yen, +37.9% YoY)
Profit before tax	34.4 billion yen (up 15.1 billion yen, +77.9% YoY)
Profit for the period attributable to owners of the parent	24.8 billion yen (up 4.8 billion yen, +24.2% YoY)

- ✓ Higher sales and earnings were achieved through the increased shipments in each business segment and the consolidation of companies acquired in 2017.
- ✓ Profit before tax increased substantially due to the increase in operating profit and other income.
- ✓ Absence of the gain of a tax refund which was recorded in the same period of previous year at a subsidiary in Taiwan.

Consolidated Statements of Profit or Loss

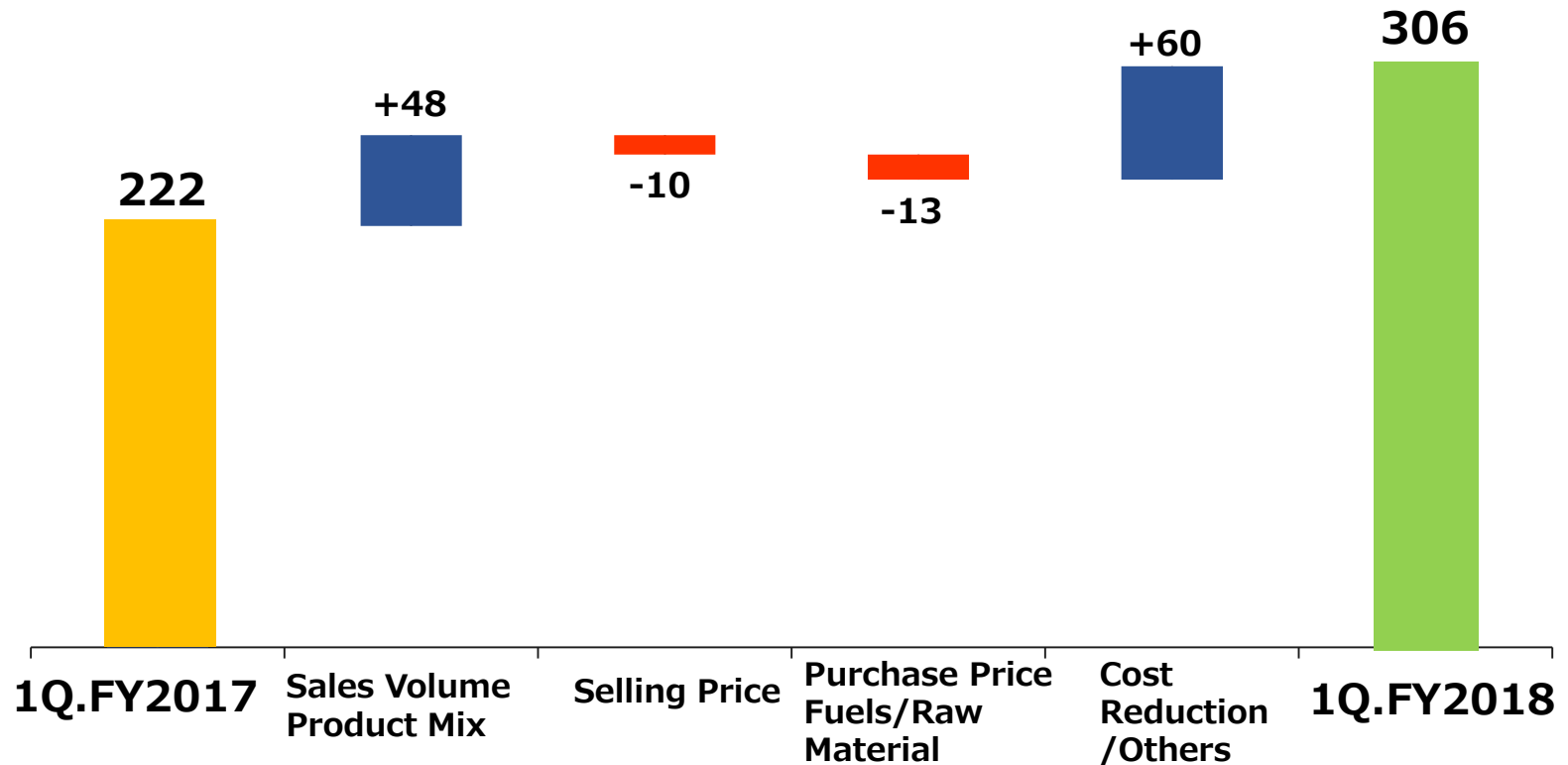
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	FY2017 1Q	FY2018 1Q	Change	(100 million yen)
Net sales	3,353	3,725	+371	← Foreign exchange impact resulted in +67
Operating profit	222	306	+84	
Other income/expenses	-22	45		←
Business profit	200	351	+151	
Finance income/costs	-6	-7		
Profit before tax	194	344	+151	
Income tax expenses	28	-71		← Tax refund at a Taiwan subsidiary +59
Profit for the period	221	273	+52	
attributable to owners of the parent	200	248	+48	
attributable to non-controlling interests	22	25		
Forex (Average)	JPY/USD 113.64	108.30		Other income includes *gain on sale of subsidiary stock +16 *sales of non-current assets +12 *foreign exchange impact +12
	JPY/EUR 121.08	133.22		
Crude oil	\$/BBL(Dubai) 53.1	63.9		

Variance Analysis on OP (1Q.FY2018 vs. 1Q.FY2017) AGC

¥ 8.4 bn up from same period last year

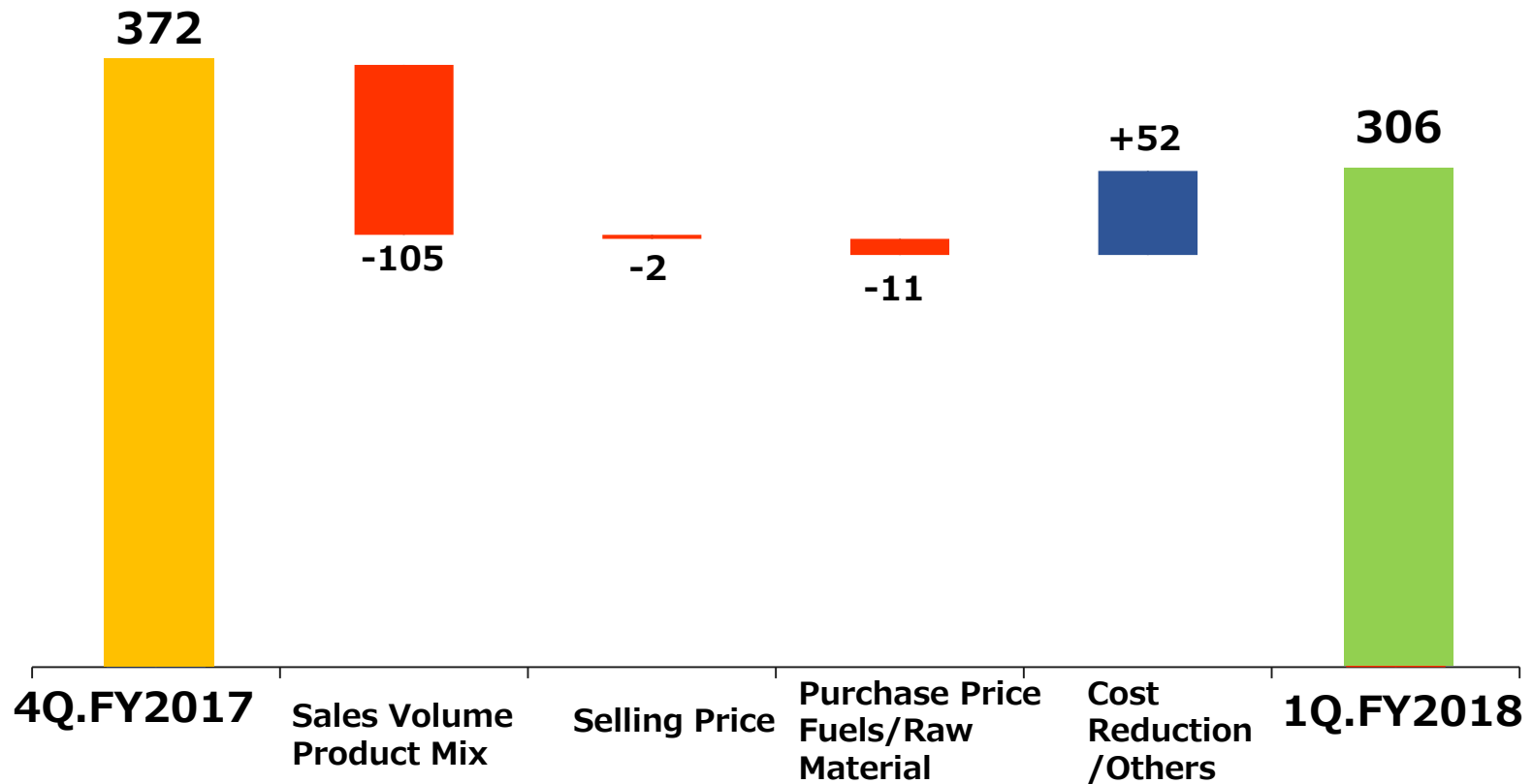
(100 million yen)



Variance Analysis on OP (1Q.FY2018 vs. 4Q.FY2017) AGC

¥ 6.5 bn down from last quarter

(100 million yen)



Consolidated Statement of Financial Position

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(100 million yen)

	2017/12	2018/3	Change
Cash and cash equivalents	1,264	1,404	+139
Inventories	2,617	2,584	-33
Property, plant and equipment, Goodwill and Intangible assets	11,974	11,777	-197
Other assets	6,430	5,985	-446
Total assets	22,286	21,749	-536
Interest-bearing debt	4,891	5,044	+153
Other liabilities	4,496	4,324	-171
Liabilities	9,387	9,368	-18
Total equity attributable to owners of the parent	11,840	11,314	-526
Non-controlling interests	1,059	1,066	+8
Equity	12,899	12,381	-518
Total liabilities and equity	22,286	21,749	-536
D/E ratio	0.38	0.41	

-584 due to
foreign exchange
impact

Other
components of
equity -667

Consolidated Statement of Cash Flow

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	1Q.FY2017	1Q.FY2018 ^(100 million yen)
Profit before tax	194	344
Depreciation and amortization expense	311	303
Increase(decrease) in working capital	-4	-141
Others	48	-110
Cash flows from operating activities	549	397
Cash flows from investing activities	-999	-349
Free cash flow	-450	48
Changes in interest-bearing debt	122	240
Dividends paid	-104	-124
Others	-115	22
Cash flows from financing activities	-97	138
Effect of exchange rate changes on cash and cash equivalents	-6	-47
Net increase(decrease) in cash and cash equivalents	-553	139

(100 million yen)

	1Q	
	FY2017	FY2018
CAPEX	319	497
Depreciation	311	303
R&D	102	105

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2. Information by Business and Geographic Segments

Change of disclosure segment & breakdown AGC

■ Change of disclosure segment & segment breakdown from Q1 2018.

1. “Life science” disclosed as a sub-segment

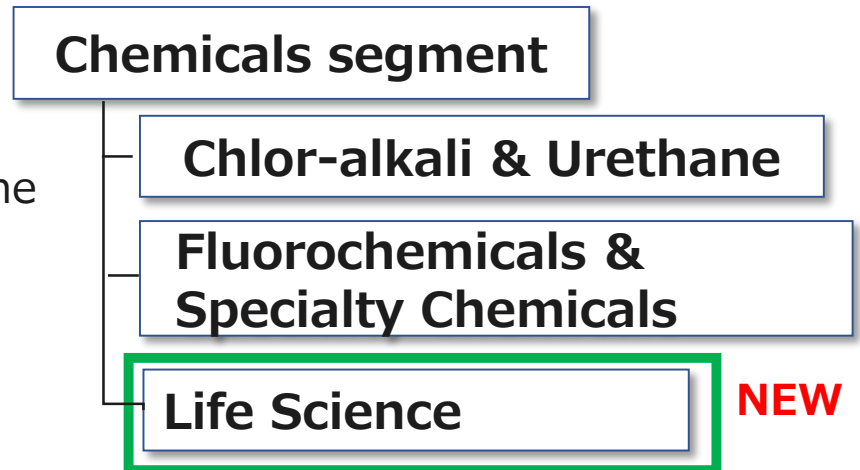
“Life Science” was formally disclosed in the “fluorine products and specialty products” sub-segment.

2. Geographic segment disclosed for all segments

Geographic segment of the Glass segment and its sub-segments were already disclosed from the past.

3. Sub-segment and Geographic segment breakdown based on “sales to external customers”

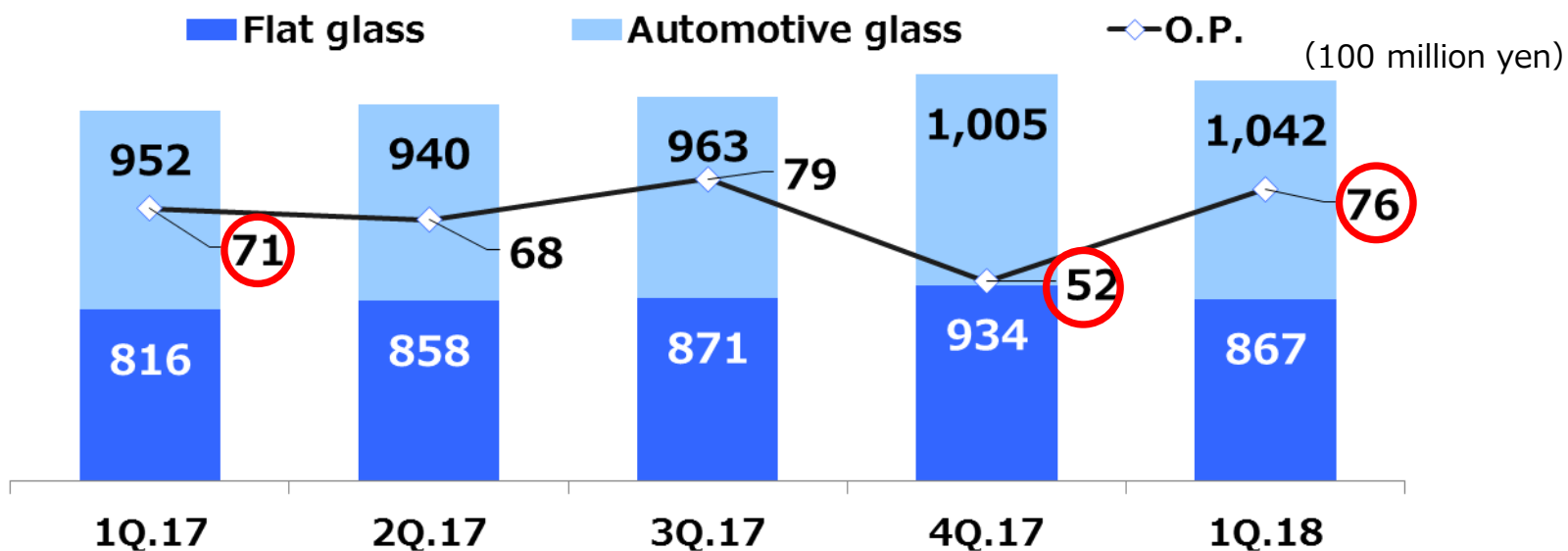
Formerly, “inter-segment sales or transfers” was included in the sales breakdown.



Glass Segment (1)

	1Q		
	FY2017	FY2018	Change
Net sales	1,770	1,912	+142
Flat glass	816	867	+51
Automotive glass	952	1,042	+90
(inter-segment)	1	3	
Operating profit	71	76	+5

* From FY2018, the breakdown is based on the "sales to external customers". Therefore the figures of FY2017 in this presentation differs from the figures disclosed in FY2017.



【YoY comparison for the first three months】

[Architectural Glass] Net sales increased

- Shipments favorable in Europe
- Impact from appreciation of Euro

[Automotive Glass] Net sales increased

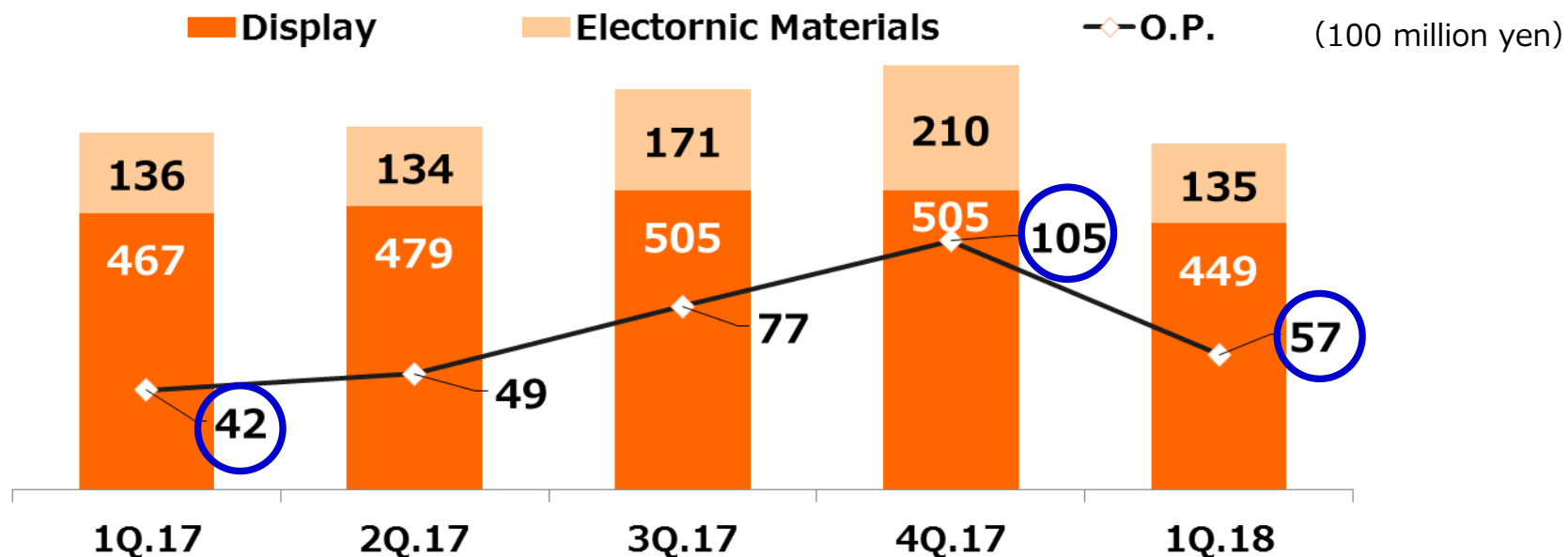
- Shipments of the AGC Group increased in all regions
- Impact from appreciation of Euro

Electronics Segment (1)

1Q

	FY2017	FY2018	Change
Net sales	606	588	-18
Display	467	449	-18
Electronic materials	136	135	-1
(inter-segment)	4	4	
Operating Profit	42	57	+16

* From FY2018, the breakdown is based on the "sales to external customers". Therefore the figures of FY2017 in this presentation differs from the figures disclosed in FY2017.



【YoY comparison for the first three months】

[Display] Net sales decreased

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

[Electronic Materials] Net sales remained at the same range

- Shipments of optoelectronics materials declined, but shipments of semiconductor-related products increased.

Chemicals Segment (1)

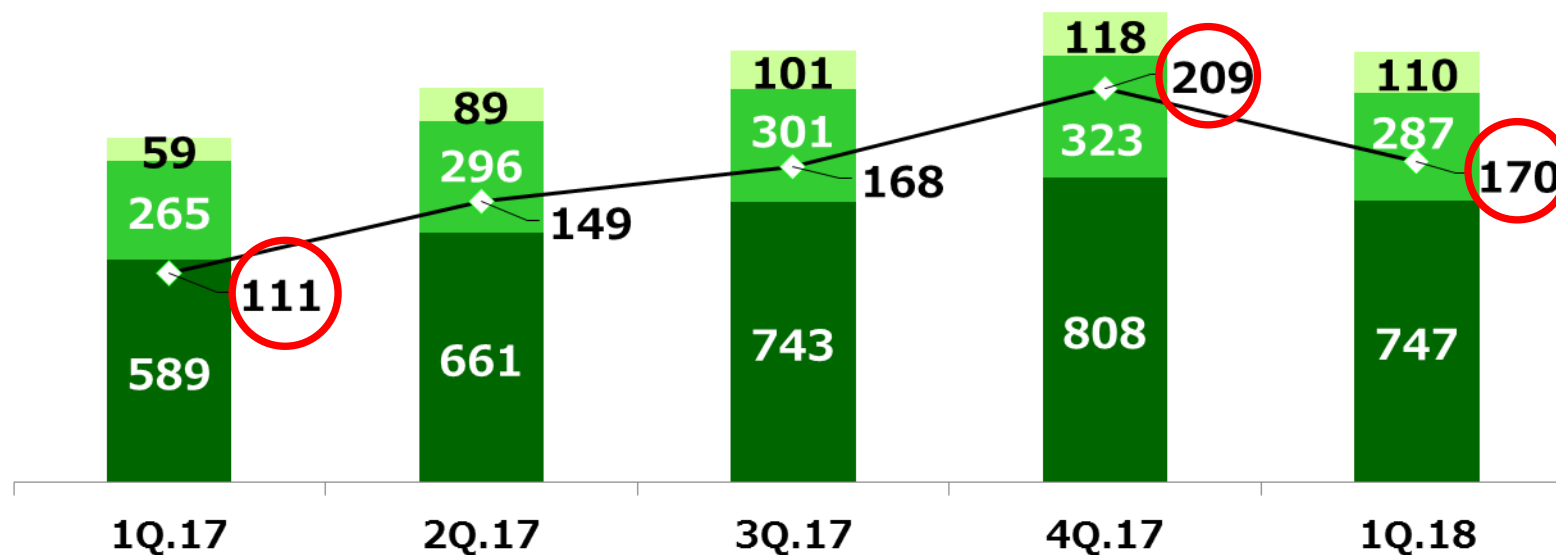
1Q

(100 million yen)

	FY2017	FY2018	Change
Net sales	917	1,148	+231
Chlor-alkali & Urethane	589	747	+158
Fluorochemicals & Specialty Chemicals	265	287	+22
Life science	59	110	+52
(inter-segment)	4	3	
Operating Profit	111	170	+59

* From FY2018, the breakdown is based on the "sales to external customers". Therefore the figures of FY2017 in this presentation differs from the figures disclosed in FY2017.

■ Chlor-alkali & Urethane
 ■ Fluorochemicals & Specialty Chemicals
 ■ Life Science
 ◆ O.P.



【YoY comparison for the first three months】

〔Chlor-alkali & Urethane〕 Net sales increased

- Selling price of caustic soda increased in Japan and Southeast Asia.
- Full term contribution of Vinythai, consolidated in March 2017.

〔Fluorochemicals & Specialty Chemicals〕 Net sales increased

- Shipments of fluorochemicals products remained favorable, such as fluorinated resins used for semiconductor related applications.

〔Life Science〕 Net sales increased

- Full term contribution of CMC Biologics consolidated in Feb 2017.

YoY Performance Comparison by Business Segment

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	1Q. FY2017	1Q. FY2018	Change	Change %
	(100 million yen)			
Net sales	3,353	3,725	+371	+11.1%
Glass	1,770	1,912	+142	+8.0%
Electronics	606	588	-18	-2.9%
Chemicals	917	1,148	+231	+25.2%
Ceramics/Other	151	183	+32	+21.2%
Elimination	-91	-107	-16	-
Operating profit	222	306	+84	+37.9%
Glass	71	76	+5	+7.1%
Electronics	42	57	+16	+37.9%
Chemicals	111	170	+59	+52.9%
Ceramics/Other	-3	3	+6	-
Elimination	1	0	-1	-

Quarterly Performance Comparison by Business Segment

(100 million yen)

	4Q. FY2017	1Q. FY2018	Change	Change %
Net sales	3,996	3,725	-271	-6.8%
Glass	1,944	1,912	-31	-1.6%
Electronics	719	588	-130	-18.1%
Chemicals	1,252	1,148	-104	-8.3%
Ceramics/Other	229	183	-46	-20.1%
Elimination	-148	-107	+41	-
Operating profit	372	306	-65	-17.6%
Glass	52	76	+24	+45.6%
Electronics	105	57	-47	-45.2%
Chemicals	209	170	-39	-18.9%
Ceramics/Other	5	3	-2	-48.7%
Elimination	0	0	-0	-

YoY Performance Comparison by Geographic Segment

AGC

(100 million yen)

	1Q			
	FY2017	FY2018	Change	Change %
Net sales	3,353	3,725	+371	+11.1%
Japan & Asia	2,202	2,403	+201	+9.1%
Americas	376	422	+46	+12.3%
Europe	775	899	+124	+16.0%
Operating profit	222	306	+84	+37.9%
Japan & Asia	271	328	+57	+20.9%
Americas	10	15	+5	+48.2%
Europe	22	45	+23	+105.7%
Cross-regional common expenses	-81	-82	-0	-

* From FY2018, the breakdown is based on the "sales to external customers", and operating profit of each region is adjusted. Therefore, figures of FY2017 in this presentation differs from the figures disclosed in FY2017.

Quarterly Performance Comparison by Geographic Segment

AGC

	4Q. FY2017	1Q. FY2018	Change	(100 million yen) Change %
Net sales	3,996	3,725	- 271	-6.8%
Japan & Asia	2,703	2,403	- 299	-11.1%
Americas	420	422	+ 3	+0.6%
Europe	873	899	+ 26	+2.9%
Operating profit	372	306	- 65	-17.6%
Japan & Asia	444	328	- 116	-26.2%
Americas	17	15	- 2	-12.7%
Europe	18	45	+ 27	+147.1%
Cross-regional common expenses	-108	-82	+ 26	-

* From FY2018, the breakdown is based on the "sales to external customers", and operating profit of each region is adjusted. Therefore, figures of FY2017 in this presentation differ from the figures disclosed in FY2017.

YoY Performance Comparison by Geographic Segment

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(100 million yen)

		Japan & Asia	Americas	Europe	Inter- segment	Total
Flat glass	1Q.FY2018	276	112	479	-	-
	1Q.FY2017	286	106	424	-	-
Automotive glass	1Q.FY2018	519	193	331	-	-
	1Q.FY2017	475	183	295	-	-
Glass	1Q.FY2018	795	305	810	3	1,912
	1Q.FY2017	761	289	719	1	1,770
Electronics	1Q.FY2018	541	33	11	4	588
	1Q.FY2017	570	24	8	4	606
Chemicals	1Q.FY2018	982	85	78	3	1,148
	1Q.FY2017	802	63	48	4	917
Ceramics/Other	1Q.FY2018	86	-	-	97	183
	1Q.FY2017	70	-	-	81	151
Elimination	1Q.FY2018	-	-	-	-107	-107
	1Q.FY2017	-	-	-	-91	-91
Total Net Sales	1Q.FY2018	2,403	422	899	-	3,725
	1Q.FY2017	2,202	376	775	-	3,353

* From FY2018, the breakdown is based on the "sales to external customers". Therefore the figures of FY2017 in this presentation will differ from the figures disclosed in FY2017.

The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1Q.FY2017)

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(100 million yen)

Net sales	Consolidated total*	Glass	Electronics	Chemicals
1Q. FY2018	3,725	1,912	588	1,148
Change vs. 1Q. FY2017	+ 371	+ 142	- 18	+ 231
Change vs. 1Q. FY2017, excluding impacts below	+ 150	+ 99	- 20	+ 56
Impact of FOREX	+ 67	+ 60	+ 3	+ 4
Impact of Change in the Scope of Consolidation	+ 154	- 16	-	+ 170

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

Outlook for FY2018

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

FY2018 Forecast (2)

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

(※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 will improve supported by favorable demand.

- Architectural Glass

- ✓ Shipments are expected to increase in many regions.
- ✓ Pricing in Europe is expected to stay at the FY2017 level.

- Automotive Glass

- ✓ Europe: Supported by favorable demand, high level shipments are expected to continue. Productivity improvement will contribute to cost reduction.
- ✓ Asia: Manufacturing trouble in 2017 has been addressed, and stable production is expected.

[Electronics]

Price reduction of LCD glass substrates is expected to be more moderate. Strategic business is expected to continue to grow.

- Display

- ◆ LCD glass substrates

- ✓ Shipments are forecasted to be favorable. Price reduction is expected to be more moderate compared to previous year.

- ◆ Specialty glass for display applications

- ✓ Shipments are expected to be favorable.

- ◆ Cover glass for car-mounted display

- ✓ Shipments are expected to be favorable.

Mass production is established, and will contribute to sales and profit.

- Electronic materials
 - ✓ Shipments of semiconductor-related products are expected to be favorable.
 - ✓ Shipments of new products are expected to grow steadily, such as EUVL Mask Blanks.

[Chemicals]

Demand for Chlor-Alkali products continue to be strong in Southeast Asia, with high level of shipments expected.

Life science business will continue to grow steadily.

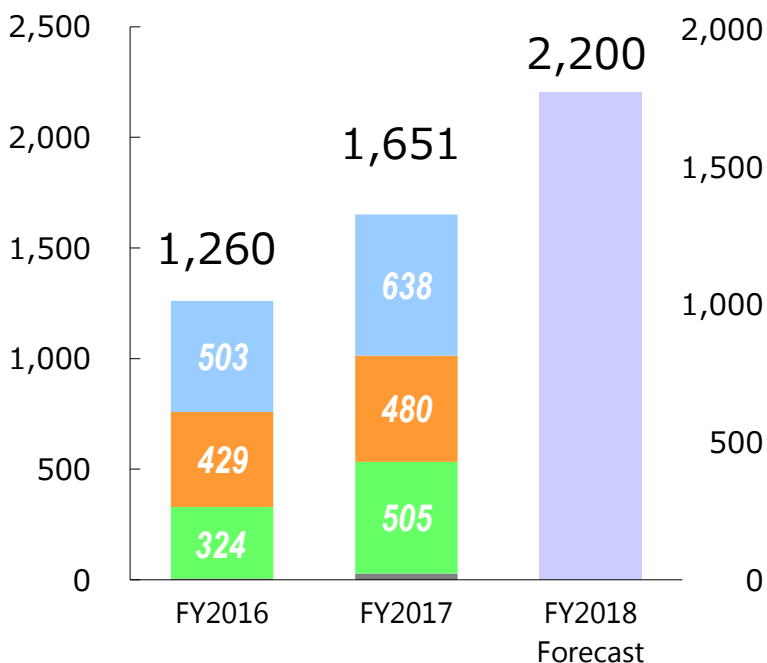
- Chlor-Alkali & Urethane
 - ✓ Demand continues to be strong in Southeast Asia.
 - ✓ Cost reduction is expected by the start-up of our own power plant.
- Fluorochemicals
 - ✓ Shipment level is forecasted to remain high as previous year.
- Life science
 - ✓ Shipment is forecasted to be favorable in both bio-pharmaceutical and synthetic pharmaceutical businesses.

CAPEX / Depreciation / R&D

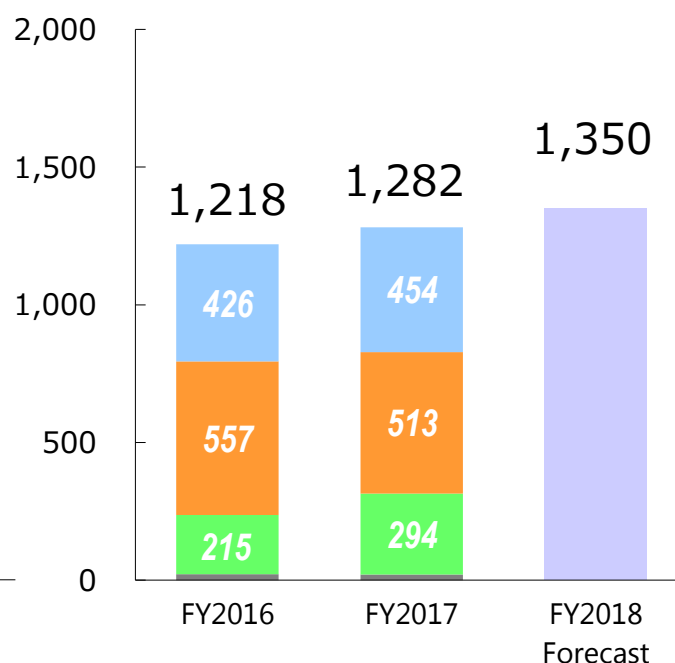
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(100 million yen)

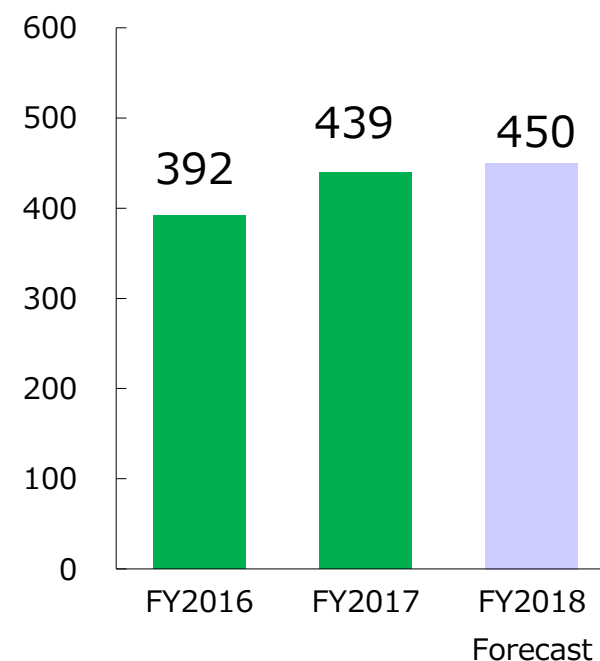
CAPEX



Depreciation



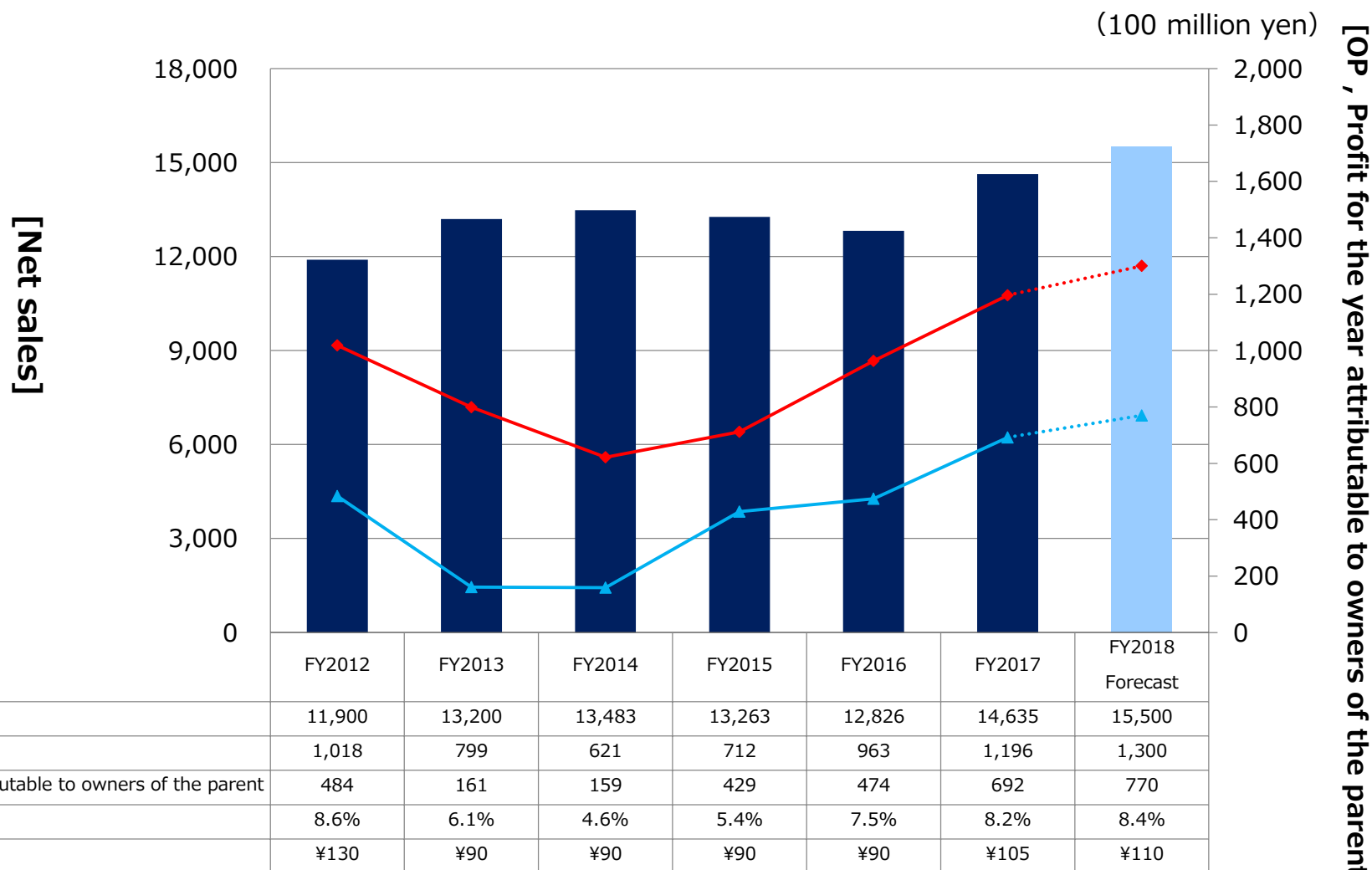
R&D



■ 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 ^{*1}	%	5.8%	1.6%	1.4%	3.9%	4.3%	6.1%
Return on assets ^{*2}	%	5.6%	4.0%	3.0%	3.5%	4.8%	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	Yen	209.51	69.85	68.85	185.60	205.14	302.12
EBITDA ^{*3}	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		FY2017				FY2018		
		1Q	2Q	3Q	4Q	1Q		
JPY / USD	Average	113.64	111.09	111.03	112.98	112.19	108.30	110.0*
	At quarter end	112.19	112.00	112.73	113.00	113.00	106.24	
JPY / EUR	Average	121.08	122.19	130.38	133.01	126.67	133.22	135.0*
	At quarter end	119.79	127.97	132.85	134.94	134.94	130.52	

*4 Assumption for FY2018

Major Press Release in FY2018

Date	Summary
January 9	AGC to Integrate Bioscience Business
January 16	AGC has Developed a “Quartz Lens” for Deep Ultraviolet LEDs
February 5	AGC to Revise Pricing for Domestic Architectural Glass Products
February 5	AGC to Make Drastic Expansion to Supply System for EUVL Mask Blanks
March 6	AGC Enhances Biopharmaceutical Production Capacity at AGC Biologics
March 22	AGC Invests in Next-generation Power Semiconductor Material Developer Novel Crystal Technology
April 6	AGC Establishes Marketing Base in Myanmar

(Reference) FY2017 Performance by Business Sub-Segment

AGC

		(100 million yen)				
		1Q	2Q	3Q	4Q	FY2017
Glass	Flat glass	816	858	871	934	3,479
	Automotive glass	952	940	963	1,005	3,860
		1,768	1,798	1,834	1,939	7,340
Electronics	Display	467	479	505	505	1,955
	Electronics Materials	136	134	171	210	651
		603	613	676	715	2,606
Chemicals	Chlor-alkali & Urethane	589	661	743	808	2,800
	Fluorochemicals & Specialty Chemicals	265	296	301	323	1,185
	Life science	59	89	101	118	366
	912	1,046	1,145	1,249	4,351	
Ceramics / Other		70	91	84	93	338
Total Net sales		3,353	3,546	3,740	3,996	14,635

* From FY2018, the breakdown is based on the "sales to external customers". Therefore, the figures of FY2017 in this presentation differs from the figures disclosed in FY2017.

Disclaimer

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