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New Mid-Term Management Plan *AGC plus-2020*

AGC (Asahi Glass Co., Ltd.; Headquarters: Tokyo; President: Takuya Shimamura) has formulated a new mid-term management plan, *AGC plus-2020*. The following are a brief review of the 2015 to 2017 mid-term management plan, *AGC plus-2017*, and an overview of the new mid-term management plan, *AGC plus-2020*, and its financial targets.

1. Mid-term management plan *AGC plus-2017*

	<i>AGC plus-2017</i> FY 2017 Management Financial Targets	FY 2017 Actual
Sales	1.6 trillion yen	1.4635 trillion yen
Operating profit	100 billion yen or more	119.6 billion yen
ROE	5% or more	6.1%
D/E	0.5 or less	0.38

Under the mid-term Management Plan *AGC plus-2017* formulated in 2015, the AGC Group implemented a strategy based on a business portfolio centered on the profitability and growth potential of each business, and allocated management resources with that as the focus. In each business, we continuously increased sales volume, reduced costs, and make investments in growth fields and M&A. As a result, despite being unable to reach the sales targets because of exchange rate fluctuations, we continued a growth trend throughout the mid-term management plan period, and achieved the targets for operating profit, ROE, and D/E ratio.

Furthermore, in February 2016 we revised our shareholder return policy. We strive to proactively provide returns to our shareholders by aiming for a consolidated total return ratio, inclusive of the acquisition of treasury shares, of 50% or more and comprehensively consider consolidated business results and future investment plans, etc., based on the continued payment of not less than the current annual dividend per share.

2. About the new mid-term management plan *AGC plus-2020*

We have established "Vision 2025" and a long-term management strategy to achieve this goal as follows.

AGC Group's long-term strategy



The period from 2018 to 2020 is positioned as "a period for laying the foundation to achieve the Vision 2025." The following are the management financial targets, key action items and measures for each business under the new mid-term management plan, *AGC plus-2020*.

Management financial targets

	FY2017 Actual	FY2020 Target	FY2025 Target
Operating profit	119.6 billion yen	160.0 billion yen or more	229.2 billion yen or more (record high)
ROE	6.1%	8% or more	10% or more
Strategic business contribution ratio	10%	25% or more	40% or more
D/E	0.38	0.5 or less	0.5 or less

Key action items

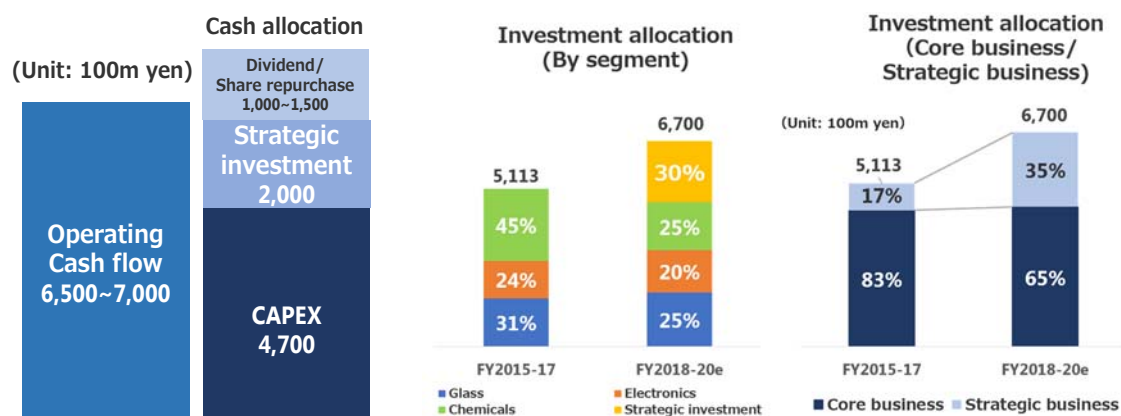
- Develop high-value added businesses that do not get affected by market fluctuations
- Promote growth strategies for strategic businesses
- Concentrate management resources in growth regions/where we can win
- Achieve sustainable growth through strategic M&As

Key measures for each business segment

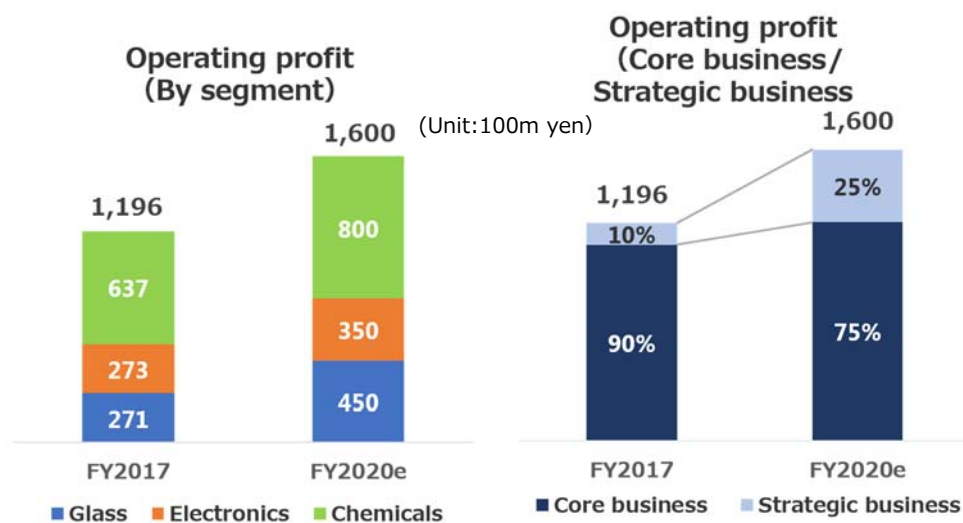
Business segment	Key measures
Glass	<p>【Building & Industrial glass】</p> <ul style="list-style-type: none"> - Focus on growth regions/where we can win - Promote highly functional glass for the upcoming smart-city era <p>【Automotive】</p> <ul style="list-style-type: none"> - Respond to needs for highly functional products designed for eco-friendly cars/automated driving
Electronics	<p>【LCD glass】</p> <ul style="list-style-type: none"> - Achieve a smooth shift of production to China/larger-size products and further cost reduction <p>【Electronics】</p> <ul style="list-style-type: none"> - In semiconductor-related products & optoelectronic materials businesses, get ahead of the times to provide differentiated products
Chemicals	<p>【Chlor-alkali】</p> <ul style="list-style-type: none"> - In addition to maximizing the M&A impact, further expand the business base, including capacity increase, in Southeast Asia <p>【Fluorine】</p> <ul style="list-style-type: none"> - Steadily capture niche global markets by taking advantage of AGC's unique technologies <p>【Life Science】</p> <ul style="list-style-type: none"> - Expand the business base by maximizing the effect of M&As

To achieve further growth, in addition to investment in building a stable earnings foundation in our core business, we will seek to seize opportunities from macro trends such as the evolution of traffic infrastructure including automated driving, the full arrival of the IoT and AI era, and longer life expectancies and booming population around the world, etc., to invest aggressively in strategic businesses.

Investment (including M&A) from 2018 to 2020 and total shareholder return and investment breakdown by business segment are as follows.



Through active and well-focused investment, we will aim for the following operating profits by business segment in 2020 as follows.



3. Regarding ESG initiatives

The AGC Group promotes the Environmental, Social and Governance (ESG) initiatives such as expansion of energy-saving/creating products, local community support, and corporate governance reform.

In January 2018, we established the SDGs Division, as we continue to focus on initiatives leading to the resolution of social issues to achieve a sustainable society.

The AGC Group will achieve sustainable growth and add value to all stakeholders by executing the strategies in our new mid-term management plan *AGC plus-2020* and achieving our financial goals.

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