

Newsletter for Shareholders

AGC Review

Vol. 38

Issued in March 2021

The AGC logo consists of the letters 'AGC' in a bold, blue, sans-serif font. A small red square is positioned to the right of the letter 'C'.

Focus

New Medium-Term Management Plan
***AGC plus-2023* Launch**

AGC Inc.
Securities code: 5201

Your Dreams, Our Challenge

Realizing our vision. The launch of a new management structure

First of all, I would like to express my sincere gratitude to our shareholders and investors for their continued support of AGC.

I would also like to express our most heartfelt wishes for a speedy recovery to those affected by COVID-19 and for healthy and safe lives for our shareholders and their families.

This year, the AGC Group formulated a new long-term management strategy, Vision 2030, as well as a new management policy and medium-term management plan. As the new CEO, I intend to further improve the "organizational ambidexterity" we have been pursuing, while also contributing to the realization of a sustainable society by offering highly unique materials and solutions.

We look forward to your continued support in the years to come. Thank you.

Representative Director, President and CEO

Yoshinori Hirai

Profile of CEO

1987 Joined Asahi Glass Co., Ltd. (current AGC Inc.)
2011 General Manager, Business Development Office
2012 Executive Officer and General Manager of Business Office
2014 Member of the Board Senior Executive Officer,
General Manager of Technology General Division
2016 Member of the Board Senior Executive Officer, CTO, and
General Manager of Technology General Division
2018 Representative Director, Executive Vice President & CTO
2021 Representative Director, President and CEO



| New Long-Term Management Strategy and Management Policy

This year, AGC Group formulated its new long-term management strategy, Vision 2030, as well as a new management policy and medium-term management plan. Below describes the positioning of the long-term management strategy and medium-term management plan.



To realize our **Vision 2030**, the AGC Group aims to create sustainable economic and social value by transforming our business portfolio with both core and strategic businesses playing an integral role. By implementing various measures based on this strategy, we aim to achieve the following financial targets.

	FY2025 Target	FY2030 Target
Operating profit	200 billion yen	By 2030, we will achieve record profit* and ensure a stable ROE of 10% or higher.
ROE	9%	
Strategic business profit	100 billion yen	
D/E ratio	0.5 or less	

*Record profit: Operating profit in fiscal 2010: 229.2 billion yen

Social Value Created by AGC

In addition to achieving our financial targets, we are required to achieve a balance between "business growth" and "realization of a sustainable society." In light of major opportunities and risks that the AGC Group faces, we will strive to achieve sustainability targets in all our business activities and contribute to the resolution of the following five social issues.



Medium-term Management Plan, *AGC plus-2020*

		FY2017 Actual	FY2020 Target	FY2020 Actual	Excluding the impact of COVID-19 (estimate)
Operating profit		119.6 billion yen	160.0 billion yen or more	75.8 billion yen	125.0 billion yen
ROE		6.1%	8% or more	2.9%	6%
Strategic business	Contribution ratio	12%	25% or more	59%	36%
	Operating profit	14.2 billion yen	40.0 billion yen	44.4 billion yen	No impact
D/E ratio		0.38	0.5 or less	0.63	0.53

When the medium-term management plan, *AGC plus-2020*, was formulated in 2018, asset efficiency was low and the proportion of businesses affected by market fluctuations was high. Based on the recognition that portfolio reform was an issue for improving ROE, we established the following four strategies and managed our business in pursuit of them.

- Strengthen high-value-added businesses that are resilient to market fluctuations
- Promote growth strategies of strategic businesses
- Concentrate management resources in growing and winnable regions
- Achieve sustainable growth through strategic M&A

As a result, in the glass business, which was also affected by the coronavirus disaster, many issues remained unresolved, and operating profit, ROE, and D/E ratio targets were not achieved. However, among strategic business, Electronics and Life Sciences expanded faster than expected, achieving the initial targets.

New Medium-term Management Plan *AGC plus-2023*

To steadily implement its long-term strategy **Vision 2030**, AGC has formulated a new medium-term management plan *AGC plus-2023*. The management financial targets and key strategies are as follows.

Management Financial Targets

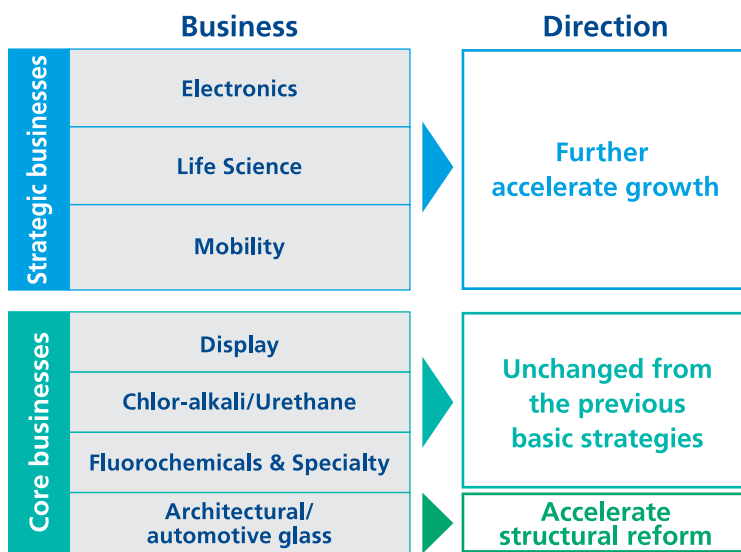
	FY2023 Target
Operating profit	160.0 billion yen
ROE	8%
Strategic business profit	70.0 billion yen
D/E ratio	0.5 or less

Key Strategies

1. Pursuing ambidextrous management*
2. Promotion of sustainability management
3. Gaining competitiveness by accelerating DX

* Advocated by Professor Charles A. O'Reilly of Stanford University's Graduate School of Business Administration, "ambidextrous management" is a management approach that seeks to explore new business pillars while exploiting existing businesses.

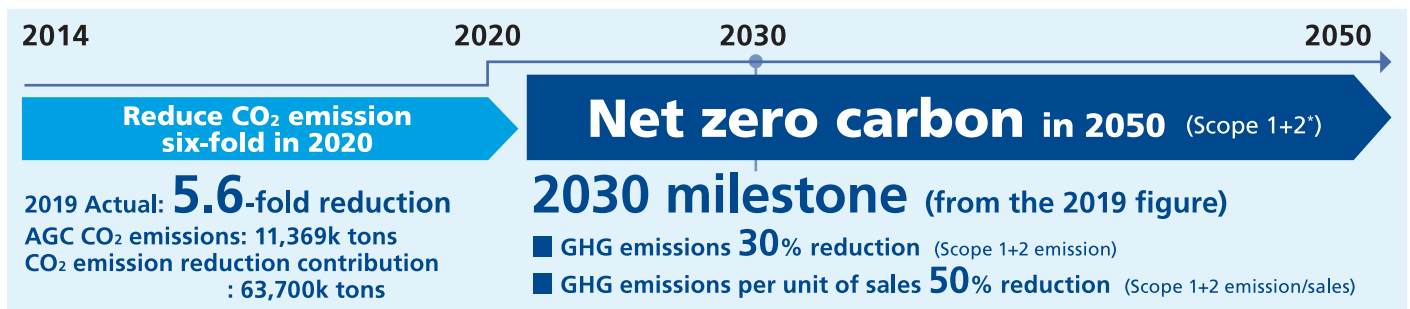
1. Pursuing ambidextrous management



AGC plus-2023 will further pursue its ambidextrous management style and accelerate growth in strategic business areas while exploring new business areas such those related to energy. By 2023, we aim to achieve sales of 300 billion yen and operating profit of 70 billion yen in strategic businesses.

On the other hand, in architectural glass and automotive glass, by 2023, we will reduce fixed costs and other costs under both businesses by 15 billion yen from the 2019 level, by shifting to production capacity that correspond to demand, concentrating production through the introduction of highly efficient facilities and reducing headcount. As the industry leader in architectural glass, we will also rapidly implement structural reforms with a view to industry realignment.

2. Promoting Sustainability Management

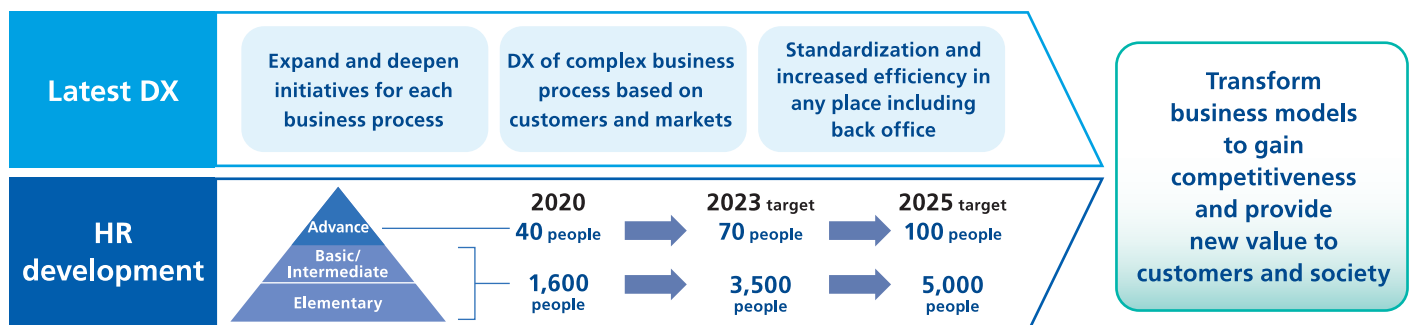


In 2014, we set a goal of reducing annual CO₂ emissions by 6-times by 2020 through energy-saving and energy-creating products, and have largely achieved this goal.

Now we have now decided to set an even higher goal of "net zero" carbon emissions to be achieved in 2050, aiming for the realization of a sustainable global environment. As a milestone, we have set the targets of reducing greenhouse gas emissions by 30% and greenhouse gas emissions per unit of sales by 50% in 2030, and will steadily work towards achieving these initiatives.

* Scope 1: Direct emissions from company fuel combustion, etc.; Scope 2: Emissions mainly from generating purchased electricity

3. Gaining Competitiveness by Accelerating Digital Transformation (DX)



Until now, AGC has used digitization to transform business processes in areas such as development and manufacturing, sales and marketing, and logistics. We are also focusing on the cultivation of digital talent who can wield two swords, that is those who possess both highly specialized business knowledge and advanced data analysis skills to support our transformation. By 2025, we plan to train 5,000 data scientists and 100 data experts. Going forward, the AGC Group will transform its business model by further advancing and combining the initiatives which it has cultivated up to this point. In this way, we will build a competitive advantage and provide new added value to our customers and society.

| Full-Year Results for FY2020

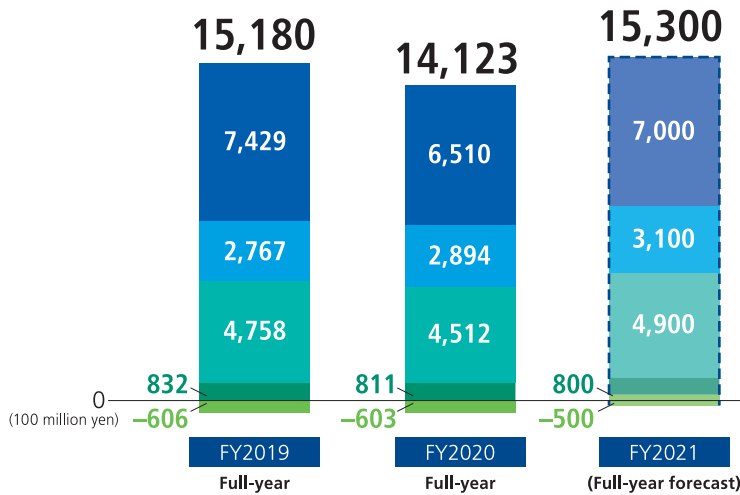
Net sales

1,412.3 billion yen

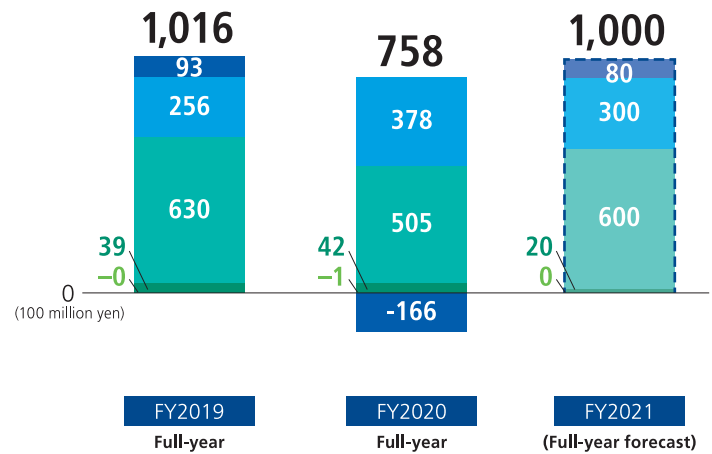
Operating profit

75.8 billion yen

Sales by Segment



Operating profit by segment



Segment

● Glass ● Electronics ● Chemicals ● Ceramics & Others ● Elimination or company-wide

Overview of FY2020 Full-year Results by Segment

Glass

[Net sales] Decrease
(-92.0 billion yen)
[Operating profit] Decrease
(-25.8 billion yen)

Demand for architectural glass decreased due to impact from the spread of COVID-19, as well as declining selling prices in Europe and the US. Sales of automotive glass decreased YoY due to reduced shipments, attributable to the global decline in vehicle production caused by the spread of COVID-19. Profits decreased due to the aforementioned factors, as well as deteriorating manufacturing costs caused by significant adjustments in the operation of manufacturing facilities.

Electronics

[Net sales] Increase
(12.7 billion yen)
[Operating profit] Increase
(12.2 billion yen)

Shipments of glass substrate for LCDs increased, although there was a decline in selling prices. Shipments of optoelectronic materials and semiconductor-related products including photomask blanks for EUV lithography, increased. In addition, sales in our PCB materials business, which we acquired last year, contributed to higher sales and profit.

Chemicals

[Net sales] Decrease
(-24.6 billion yen)
[Operating profit] Decrease
(-12.5 billion yen)

Despite an increase in the number of contracts for manufacturing and developing synthetic pharmaceuticals/agrochemicals and biopharmaceuticals, sales and profits decreased due to the spread of COVID-19 leading to lower sales prices for caustic soda in Southeast Asia and fewer sales of fluorine-related products for aircraft and other transportation equipment.

Progress in Strategic Businesses

In our strategic businesses, net sales were 202.2 billion yen and operating profit was 44.4 billion yen, a significant increase in both sales and profits versus the previous year. Impact from the spread of COVID-19 was limited and the business scale expanded steadily, mainly in electronics and life science, thereby contributing to business performance.

Business areas

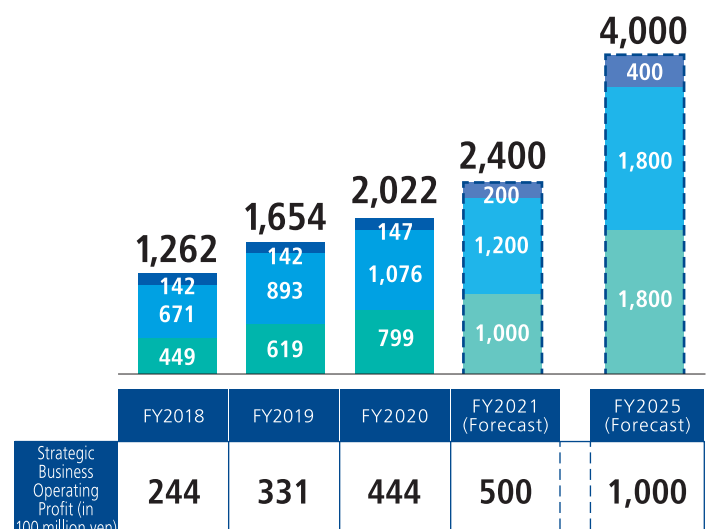
● Mobility ● Electronics ● Life Science

Payment of Dividends

After taking into consideration the business outlook for FY2021, for FY2020, we have set an interim dividend of 60 yen per share and annual dividend of 120 yen per share.

120 yen (2019)	120 yen (2020)	120 yen (2021 forecast)
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Trends in Strategic Business Performance



Topics

Opening of A New R&D Building

Open Innovation Space "AO" Opened

In November 2020, AGC opened its new R&D building in Yokohama.

With the aim of realizing our Vision 2030, this new R&D facility will allow us to develop more materials and solutions that will contribute to realizing a sustainable society. In the newly completed research building, in addition to the AGC-only area (SECURITY ZONE), a collaborative space "AO (AO/AGC OPEN SQUARE)" has been established as a place to accelerate collaboration

with external partners such as clients, academia, and venture companies. Aiming to expand business and maximize value for visitors, the four facilities below have been constructed based on the concepts of "CONNECT", "CREATE", and "MATERIALIZE".

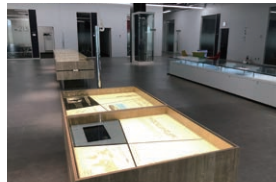


A place to CONNECT



AO Gallery

The entrance is where visitors can experience AGC's new appeal through collaborative exhibits with external partners that leverage AGC's materials and technologies.



AO Park

A hall where dialogue takes place on the various products and value that have been created through the connection between customer needs and AGC-proposed solutions, as well as the latest topics.

A place to CREATE



AO Studio

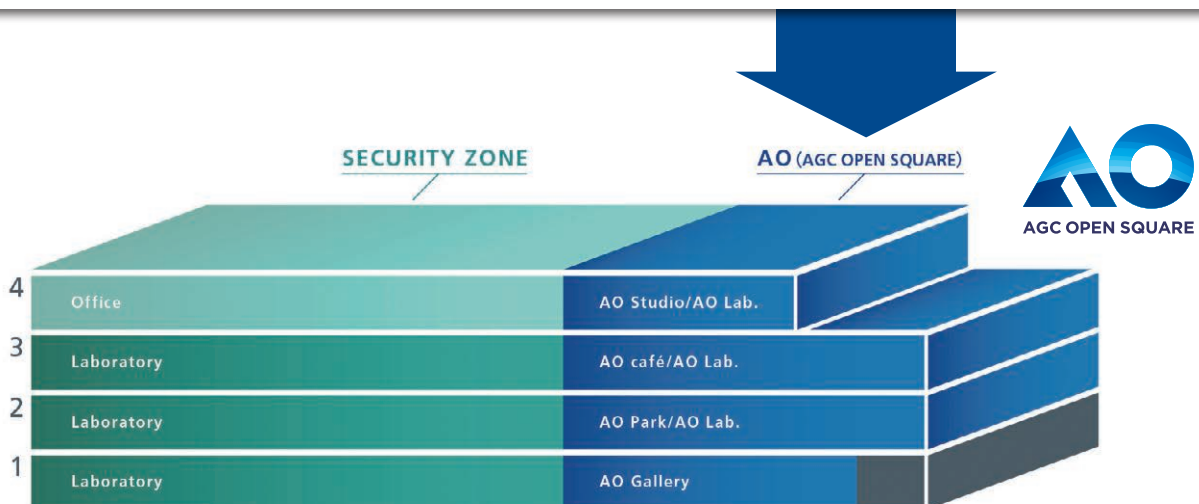
An exhibition area where AGC and its customers can envision ideas for the future while coming in contact with AGC's leading-edge materials and technologies.

A place to MATERIALIZE



AO Lab.

A collaboration lab for evaluating samples, creating prototypes, and verifying them with customers and external partners.



Corporate Outline

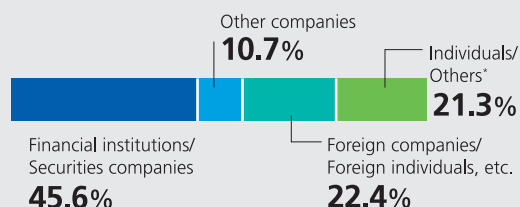
Company name: AGC Inc.
Founded: September 8, 1907
Incorporated: June 1, 1950
Capital: ¥90,873,373,264
Head office: Shin-Marunouchi Building, 1-5-1 Marunouchi,
 Chiyoda-ku, Tokyo 100-8405
Phone: +81-3-3218-5096
Number of consolidated subsidiaries: 217
 (including 179 companies overseas)

State of Shares

Number of shares outstanding: 227,441,381
Number of shareholders: 74,150
Shareholders who own shares of one unit or more: 65,659

Shareholder Composition

(Shareholders who own one unit or more)



*Including 2.6% treasury shares

Information about Shares

Fiscal year: January 1 to December 31
Ordinary general shareholders' meeting: March
Shareholder registration date for entitlement to exercise:
 Voting rights at ordinary general shareholders' meeting: December 31
 Rights to receive annual dividend payment: December 31
 Rights to receive interim dividend payment: June 30
Public notice: Electronic public notices
<https://www.agc.com/en/>
Shareholder Registrar/Special Account Administrator:
 Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
 Contact:
 Phone: 0120-232-711 (toll free within Japan)
 Mailing address:
 P.O. Box 29, Shin Tokyo Post Office, Tokyo 137-8081
 Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Payment of dividends:

As stated in the Articles of Incorporation, dividends not claimed within five years from the starting date of payment are no longer payable. We therefore urge shareholders to claim all payable dividends at the earliest convenient date. Dividends that the shareholder has not received will be paid at the Mitsubishi UFJ Trust and Banking Corporation.

To shareholders owning shares constituting less than one unit:

Shareholders owning shares constituting less than one unit (1–99 shares) of AGC may request AGC to purchase such shares/sell additional shares. For the details of such procedures, including requests for necessary forms, please notify the following place of contact.

Contact Information for Inquiries Regarding Shares

Shareholders who have an account with securities companies, etc.	Shareholders who have a special account
Securities companies or other entities with which you have an account	Mitsubishi UFJ Trust and Banking Corporation (our Special Account Administrator) Phone: 0120-232-711 (toll free within Japan)

(As of December 31, 2020)

Note concerning information about the future

Please note that statements made in this document concerning projected figures, future measures, and other information about the future involve uncertainties.