



AGC Inc.

IR Day 2022 <Day 1> Corporate Strategy

June 13, 2022

Event Summary

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[Venue Size]	
[Participants]	
[Number of Speakers]	1 Shinji Miyaji Executive Vice President & CFO

Presentation

Ogawa: It's time to begin AGC IR Day, 2022, Day 1. My name is Ogawa from IR, and I would like to explain the schedule to you.

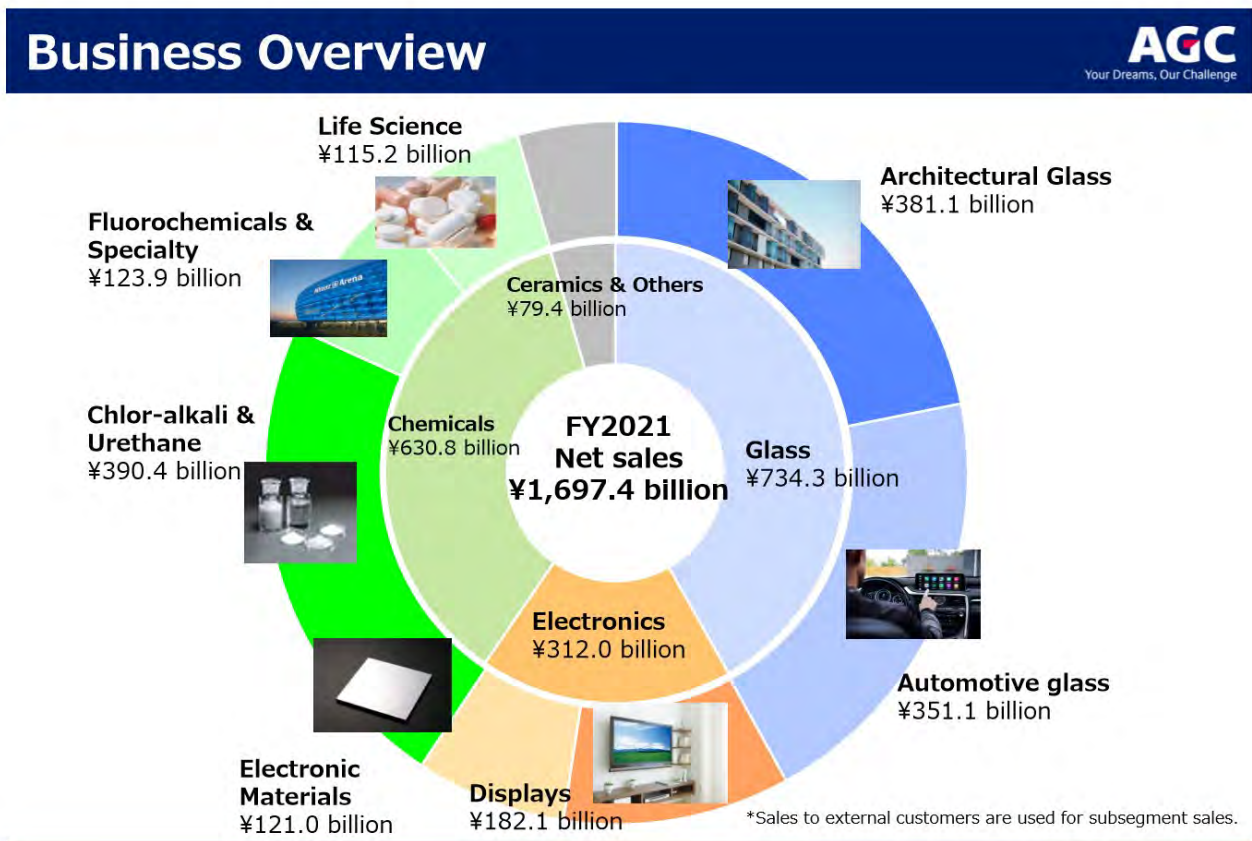
Starting from 4:00 PM, we will have our CFO, Miyaji-san, explain the strategy. And then, we will go on to the Automotive Company presenter, Takegawa-san, to explain the automotive strategy. From 5:10 PM, we have Yoshiba-san, President of Architectural Glass Asia Company, explain the strategy. From 6:00 PM, we have Davide Cappellino, President of Architectural Glass Europe & Americas Company.

We have a Q&A session after each presentation. If you wish to ask a question, please press the Q&A box. We are also accepting questions verbally in Japanese. If you wish to ask your question in Japanese, please press the raise hand button. English questions can only be accepted via the Q&A box.

We have our CFO, Miyaji, explain to you our company strategy.

Please begin.

Miyaji: Thank you. I think I'm given only 10 minutes. So, I would like to only focus on the highlights.



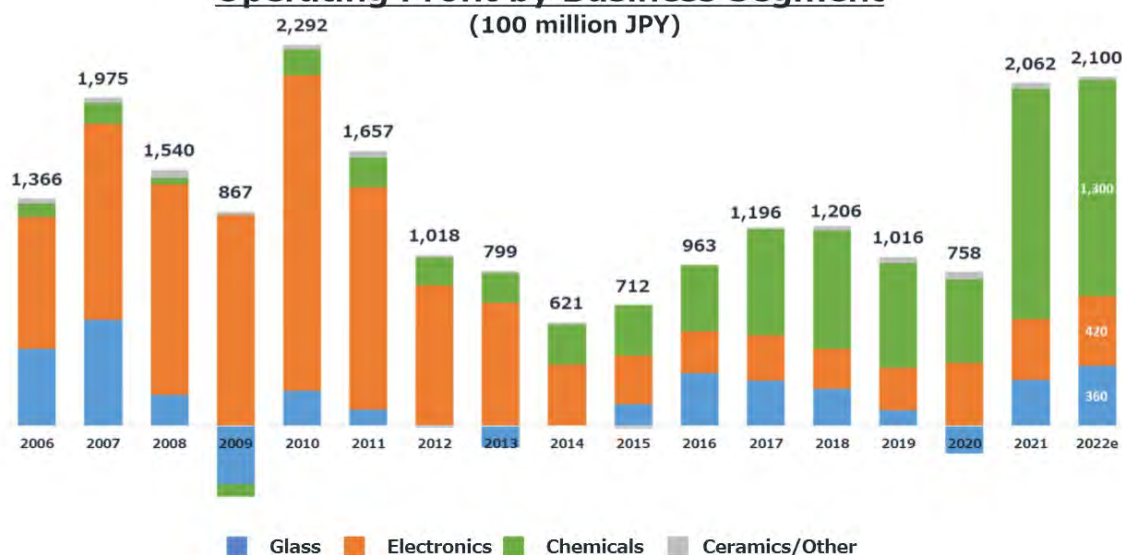
Please turn to the next page. So, this is a simple agenda. Structure of business. Architectural and automotive glass were about half of the business in the past. But now, the business structure has changed greatly, and we have a larger portion of the Chemicals recently.

More recently electronic materials, chemicals, chlor-alkali & urethane, and chemicals and specialty and life sciences have great investment opportunities and growth opportunities. Our investments are going into these areas. We believe that this transition is going to be even more pronounced in the future.

Changes in profit structure



Operating Profit by Business Segment
(100 million JPY)



*JGAPP in 2005 - 2011, and IFRS in 2012 - 2022e

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This is how the profit structure has changed over time from 2006.

Orange is display glass. This was the main business before. That accounted for a majority of the profit in the past. But from 2015, we tried to transform the portfolio and allocate the investment into Chemicals and others with higher profitability, and the profit structure has also changed.

In 2020, we saw a dip because of the COVID-19 pandemic. Basically, in terms of growth and profitability, we are still underway. We had the highest level of our profit in 2010 and this year, JPY210 billion higher than the previous year is expected.

After the first quarter, we have seen a very good performance. So, this kind of achievement is something that we have seen so far. A major factor behind the structure change is growth in the chemical products, chlor-alkali profit growing quite fast.

Whether this is going to sustain or not is one of the interests of the investors, we understand. With regard to that, I would like to say that the structure has changed, and now we believe that sustainability is much higher than before.

This is something that we'll explain on the next IR Day, not today. We will be talking about the Chemicals then. I hope that you have a chance to confirm that then.

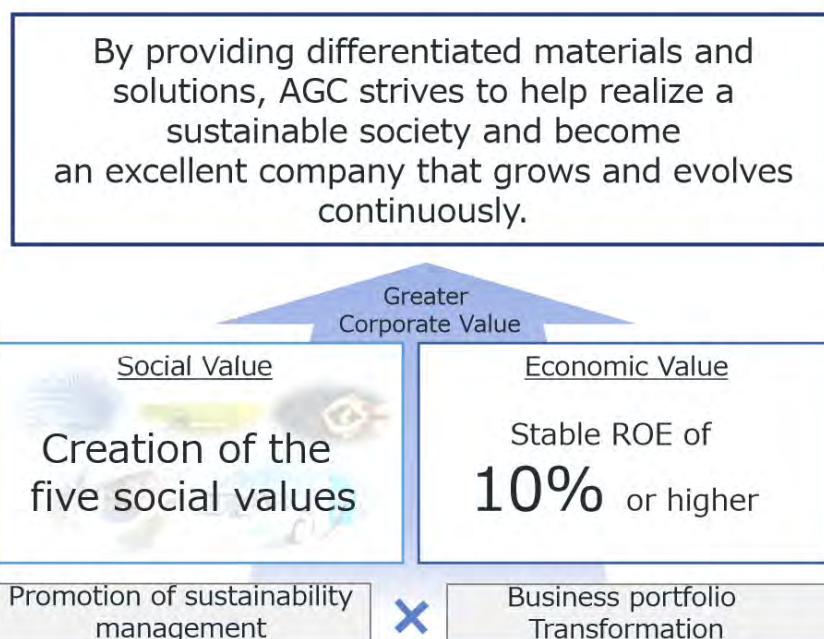
And also, within the electronics, smartphones, semiconductors, EUV mask blanks, and also in life science, as a strategic business, it is still enjoying very high growth and also has big potential growth in the future. We believe that there is a big growth potential for the future.

These changes happened in the last few years. So maybe we have not been able to communicate everything to the investors. This is why we are holding the IR Day events so that the business in charge of business will have this opportunity to talk to you directly about this.

And yes, that is the reason why we have prepared this event. We believe that you'll be asking us very direct questions and also giving us candid opinions.

Vision 2030 **AGC** Your Dreams, Our Challenge

- Grow through well-balanced creation of social and economic value



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Next slide. In terms of our 2030 vision, we want to achieve both social and economic values.

I will not go into details, but in terms of economic value, ROE, 10% or higher, we achieved that last year. But in the past, we could not really sustain this in a stable manner.

So, we want to provide stable ROE of 10% or higher. This is something that we need to achieve imminently.

This is one of the more important things that we need to achieve.

Direction of the Business Portfolio Transformation **AGC**

Your Dreams, Our Challenge

- Through the practice of ambidextrous management, we aim to build a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential, and carbon efficiency.



Resilient to market fluctuations



High asset efficiency



High growth rate



High carbon efficiency

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On the next slide, the portfolio is being transformed, and therefore, perspectives that we apply to decide on the direction of this transformation.

First of all, the commodity has to be taken care of. So, we need to be resilient to market fluctuations. We have life science electronics, and they are less likely to be affected by the market fluctuations.

By growing those businesses, we will have a structure that is more resilient to market fluctuations. In core businesses as well, if you increase the market share, of course, structurally, we can achieve more stability. So, we will be implementing those measures as well.

Market fluctuations and the volatilities should have been minimized. And our asset efficiency, our ROCE is still a little bit on the lower side. So, we want to invest more into businesses with higher asset efficiency. Specifically, the strategic businesses.

We want to increase the percentage of those businesses. High growth rate, well, the existing Glass business, will not have high growth rates, so Electronics Materials and also Chemicals, these businesses have very high expectations in terms of future growth potential, so we want to grow them.

And the fourth perspective is carbon efficiency. In some businesses, this is still low, glass and the chemical commodities, for example.

So, energy-saving technical innovation should be applied to those businesses. And also, by increasing the percentage of high-carbon business to businesses, we want to increase the overall carbon efficiency. These are the four perspectives that we believe are important.

Overall Strategy

Leveraging the core businesses and the strategic businesses as two wheels, we will shift to an optimal business portfolio and continuously create economic and social value.

Core Businesses

Establishing long-term, stable sources of earnings by increasing competitiveness of each business



Architectural Glass



Automotive Glass (existing)



Display



Chlor-Alkali/Urethane



Fluorochemicals & Specialty



Ceramics

Strategic Businesses

Create and expand highly profitable businesses that will become future pillars by using AGC's strengths in high-growth fields



Electronics



Life Science



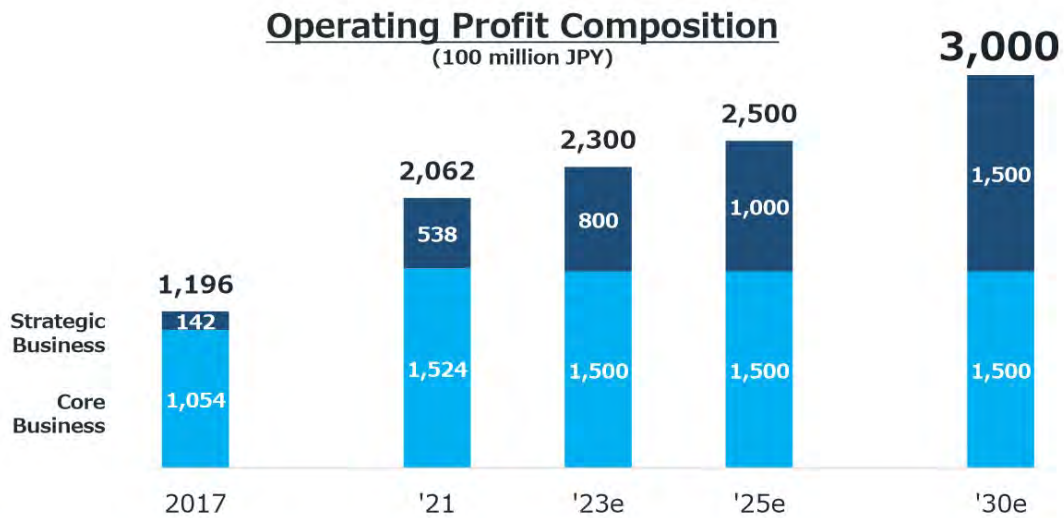
Mobility

This is ambidextrous management.

Cash generated from core business is directed to strategic businesses so that we can drive the transformation that I spoke about earlier.

Business Portfolio Reform (To-be image)

- Core businesses to become a long-term stable source of earnings
- Develop the strategic businesses so that they will account for more than half of the group's operating profit in 2030.



On the next slide, you can see the overall image.

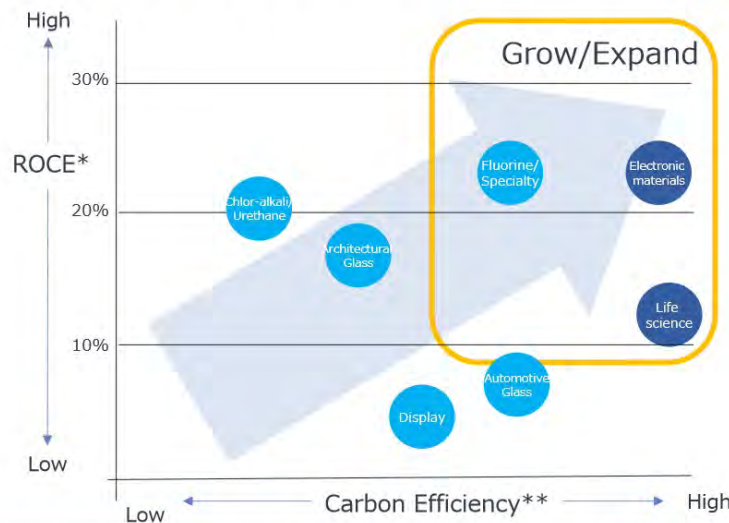
Core business profitability is not that bad, but dark blue, the strategic business, should generate half of the profit by 2030.

This is something that we try to do.

Carbon efficiency and asset efficiency

- Expand the strategic businesses that have high carbon efficiency and asset efficiency, and at the same time increase the carbon efficiency and asset efficiency of other businesses

Direction of the AGC Group's business portfolio



* : Created based on the 2023 Target ** : Created Actual emissions per net sales in 2020 ● Core Business ● Strategic Business ©AGC Inc. 10

This is an important graph. The horizontal axis is carbon efficiency, and the vertical axis is ROCE.

We would like to move right upward as a company.

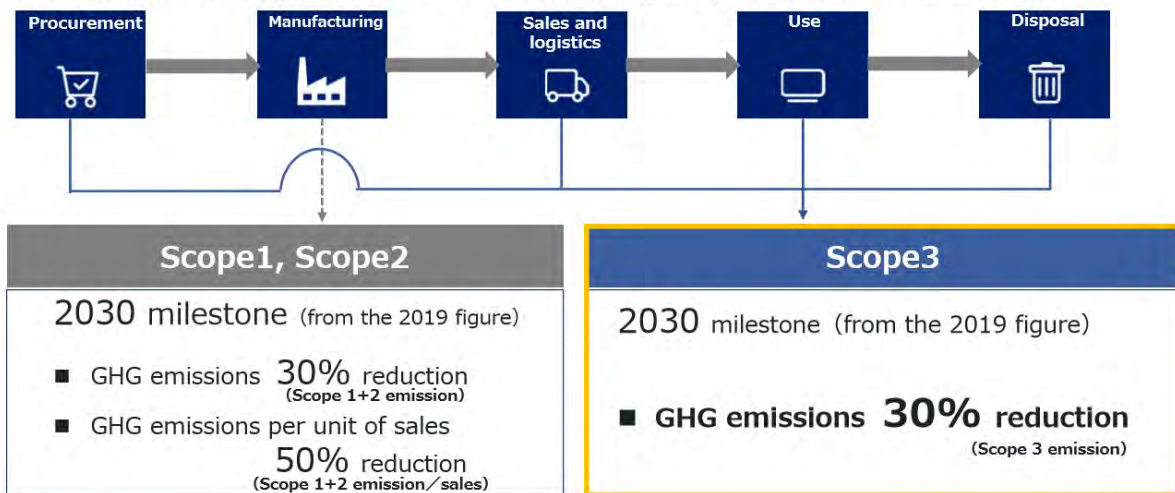
As for strategic businesses, they satisfy both criteria.

We'd like to increase the proportion of these strategic businesses.

Through technological innovation, we would like to enhance the carbon efficiency of the core businesses as well.

Reference : Scope3 2030 milestone

- **AGC-plus2023** sets 2050 net zero carbon target
- In addition to Scope 1 and 2 targets, set a new Scope 3 reduction target as a milestone in 2030.
- Aim for a 30% reduction (compared to 2019) of Scope 3 GHG emission by 2030.
- Focus on promoting the AMOLEA™ series of next-generation refrigerants with extremely lower global warming potential and strengthening supplier engagement activities.



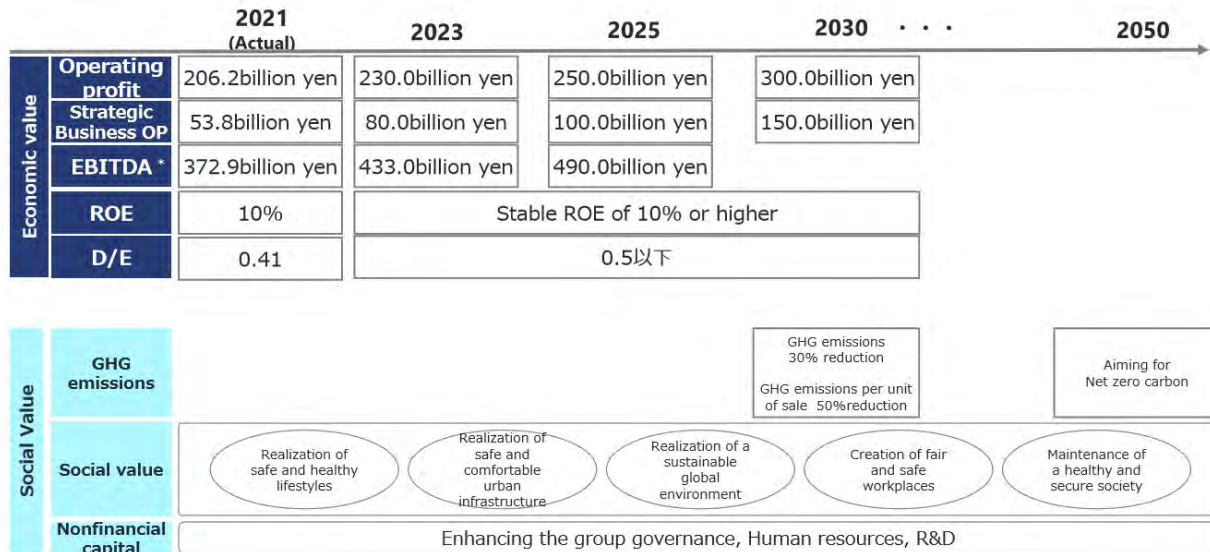
This is just for your reference.

The other day, we have come up with a target for Scope 3 emission reduction targets, just for your information.

This is shown.

Grow by creating both social value and economic value

- Achieve through the portfolio transformation and the pursuit of sustainability management



* EBITDA=Operating profit +Depreciation

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This is the growth by creating both social value and economic value in 2025 and 2030.

There is some uncertainty, but it is not the case that we will not be able to achieve these.

AGC plus-2023 Financial Targets

- The **AGC plus-2023** financial targets have been achieved well ahead of schedule as structural reforms and business growth resulted in the profit increase in the core businesses and the growth of the strategic businesses.
- A drastic upward revision has been made to the FY2023 financial targets.

	FY2021 Actual	FY2023 Target (Feb 2021)	FY2023 Target (Feb 2022)
OP	206.2 billion yen	160.0 billion yen	230.0 billion yen
ROE	10 %	8 %	10 %
Strategic Business OP	53.8 billion yen	70.0 billion yen	80.0 billion yen
D/E	0.41	0.5 or less	0.5 or less

The next one, this is about 2023.

Last year, we started the medium-term management plan for 2023.

We have clearly overachieved significantly.

We have made up a revision to the 2023 targets.

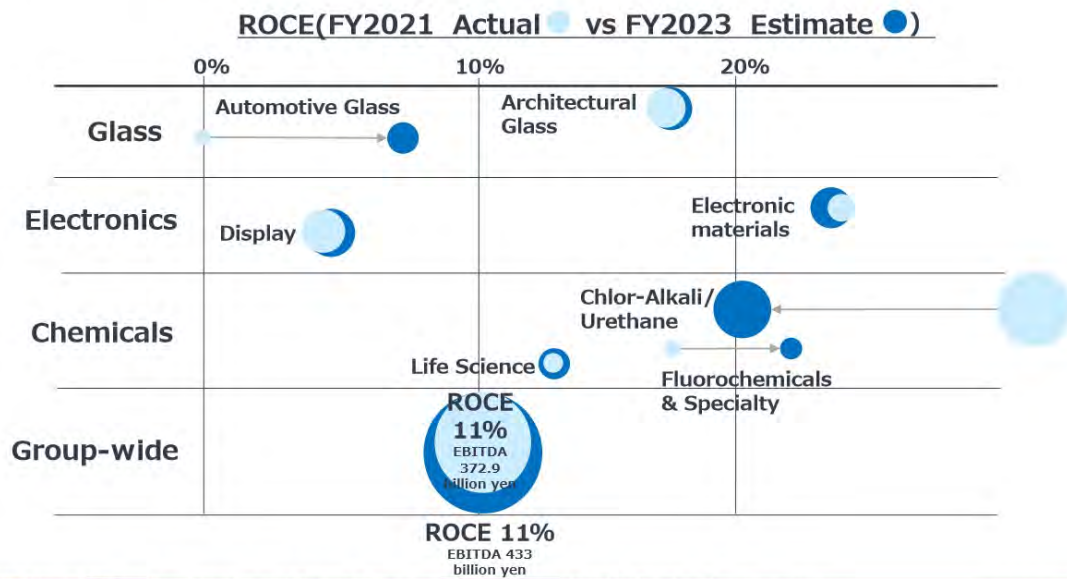
AGC plus-2023 Key Issues by Segment

	<u>Business</u>	<u>Key issues</u>	<u>Direction</u>
Strategic Business	Electronics	<ul style="list-style-type: none"> • Expand value-added products including EUV mask blanks • Constantly generate new businesses 	Further accelerate growth
	Life Science	<ul style="list-style-type: none"> • Expand business through timely investments • Achieve high growth based on the Group's global operations and technical-support capabilities 	
	Mobility	<ul style="list-style-type: none"> • Steadily capture business opportunities amid market changes in the CASE era • Start the mass production of car-mounted display glass in China to contribute to profit increase. 	
Core Business	Display	<ul style="list-style-type: none"> • Respond to the continuing demand increase in the Chinese market to build a long-term stable business foundation 	Unchanged from the previous basic strategies
	Chlor-Alkali	<ul style="list-style-type: none"> • Further strengthen the business foundation in S.E. Asia through capacity enhancement in Thailand and Indonesia 	
	Fluorochemicals & Specialty	<ul style="list-style-type: none"> • Capture the demand in global niche markets by adding value to products and domain expansion • Change environmental challenges to business opportunities 	Accelerate structural reform
	Architectural glass Automotive glass	<ul style="list-style-type: none"> • Structural reforms toward the industrial realignment • Minimize investments and integrate production to increase asset efficiency • Steadily pursuing productivity improvement and cost reduction to improve profitability and capability for cash generation 	

These are key issues by segment, but the company presidents will explain in more detail in their presentations about the progress against those issues.

ROCE by Segment (To-be image)

- Maintain the group-wide ROCE at 10% or higher
- Increase EBITDA* by approx. 60 billion yen (372.9 billion yen to 433 billion yen)



ROCE: (OP forecast of the year) ÷ (Operating asset forecast at the year end), OP by business is before allocation of common expenses
Diameter of each circle (excluding those of the group-wide section): the size of EBITDA * EBITDA=Operating profit +Depreciation

Next, this is my last slide.

In the Company, we would like to enhance ROCE. The automotive glass and display are less than 10%, and they are struggling. But the ROCE, 11% or higher, or in terms of ROE, we can clear 10% easily for this year and next year.

We are confident of achieving that.

I think my time is up. I'd like to end my presentation.

Thank you for your attention.

[END]