

Publication for Communication with Shareholders

AGC

AGC Review

Newsletter for Shareholders

Vol. **36**

Issued in
March 2020

融合する
頂高と挑戦の動き
The Technology | Video Review

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AGC株式会社 代表取締役社長 藤田 隆
〒100-8362 東京都千代田区千代田1-1-1 AGCビルディング
TEL: 03-3222-1111 FAX: 03-3222-1112
E-MAIL: review@agc.com

100m
快走
DASH



Top Speed 40km/h

トップスピードに駆け出すのはおよそ60m~70m くらいの地点。
身体はほぼ直立です。

トップアシートになると、その時速はおよそ40km/h 以上にもなると言われます。

DATA

人体身長：約175cmシミュレート
スケール：壁に映るあなたとの比較サイズ
再生速度：実際のスピード

Special Exhibition

FILTER: A fresh look at movement that moves you

Held January–March 2020 at AGC Studio

AGC Inc.

Code Number: 5201

Your Dreams, Our Challenge

To Our Shareholders



Takuya Shimamura President and CEO

Vision 2025 was formulated in 2016 as the AGC Group's long-term strategy with the aim of creating a highly profitable, leading global material and solution provider. Furthermore, the three years from 2018 through 2020 were positioned as a stage to build the foundation for *Vision 2025*, and we have been executing the medium-term management plan **AGC plus-2020** toward that end.

In FY2019, the second fiscal year of the medium-term management plan **AGC plus-2020**, all of our business segments executed on its key priorities. However, the impact of currency effects, such as the weaker euro, was substantial, leading to a 4.9 billion JPY decline in net sales, to 1,518 billion JPY. Although our strategic businesses expanded steadily, our

operating profit declined 18.9 billion JPY, to 101.6 billion JPY, owing to a deterioration in product markets and manufacturing issues. In addition, the booking of impairment losses on fixed assets related to the North American automotive glass business resulted in a 45.2 billion JPY year-on-year decrease, to 44.4 billion JPY in profit for the year attributable to owners of the parent. The year-end dividend for FY2019 was 60 JPY per share, in line with the initial forecast, resulting in a full-year dividend of 120 JPY per share.

For FY2020, we are projecting a 32.0 billion JPY year-on-year rise in net sales, to 1,550 billion JPY, and operating profit of 120.0 billion JPY, an increase of 18.4 billion JPY over that of the previous year*. While there is concern about a global economic slowdown, we expect to be back on a profit growth trajectory as the returns from strategic investments we previously made materialize. We expect to pay interim and year-end dividends of 65 JPY per share each, for a full-year dividend of 130 JPY per share, our fourth consecutive dividend increase since 2017.

This year is the final year of the medium-term management plan **AGC plus-2020**. We will continue to steadily execute the initiatives outlined in the plan to realize our *Vision 2025*.

We appreciate your ongoing support of the AGC Group.

Highlights of the Group's Financial Results

	FY2019	FY2020 outlook*	Change
Net sales	1,518.0 billion JPY	1,550.0 billion JPY	+2.1%
Operating profit	101.6 billion JPY	120.0 billion JPY	+18.1%
Profit before tax	76.2 billion JPY	107.0 billion JPY	+40.4%
Profit for the year attributable to owners of the parent	44.4 billion JPY	69.0 billion JPY	+55.3%
Dividend per share	120 JPY	130 JPY	+10 JPY

*The outlook for FY2020 does not factor in the impact of the spread of novel-coronavirus (COVID-19) infections.

AGC Products Adopted at Japan's National Stadium

Various AGC products were used in Japan's National Stadium, which was completed on November 30, 2019. One example is AGC's laminated architectural glass, which contributes to ensuring the safety of the many spectators in the stadium with a special film adhered to two layers of architectural glass. In addition, AGC's environment-friendly refrigerant AMOLEA® 1224yd is used in Ebara Refrigeration Equipment & Systems Co., Ltd.'s Model RTBA centrifugal chiller*1, which has been installed in the stadium. With a global warming potential that is less than 1/1,000*2 that of previous products, this refrigerant helps limit the stadium's impact on global warming.



AMOLEA® 1224yd, AGC's environment-friendly refrigerant

- *1 Cold and heat source equipment commonly installed in large-scale structures such as commercial and lodging facilities, and chemical plants
- *2 Measurement by the National Institute of Advanced Industrial Science and Technology



Photos provided by Taisei Corporation

AGC Selected for the Top-Ranked "A List" for Water Security by CDP



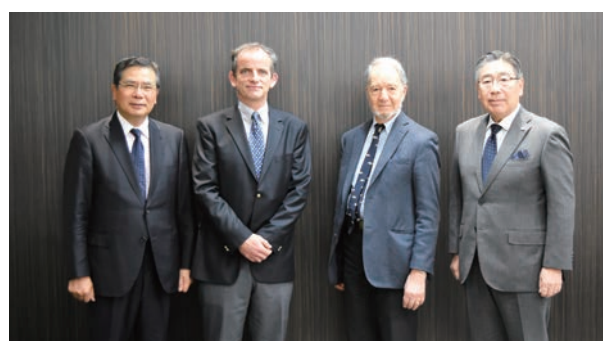
AGC was selected as an A-List company—the highest ranking—in the area of water security by the international nonprofit organization CDP, in recognition of its approaches to sustainable water resource management. CDP evaluated more than 8,400 companies in 2019, of which 71 were selected for its A List. This is the first time that AGC was selected as a CDP A-List company.

Toward Achieving Sustainable Growth in the AGC Group —Messages from the two laureates of 2019 Blue Planet Prize—

The laureates of 2019 Blue Planet Prize, awarded each year by the Asahi Glass Foundation, visited the AGC Head Office in Tokyo in December 2019. The foundation established the Blue Planet Prize in 1992, the year of the Earth Summit, in the hope of encouraging efforts to heal the earth's fragile environment. Each year, two individuals or organizations are selected for their outstanding contributions toward providing solutions to global environmental problems and presented with a commemorative trophy and awarded 50 million JPY. Below we introduce messages from the 2019 laureates on what the AGC Group should bear in mind in its efforts to achieve sustainable growth.

Professor Eric Lambin

I feel there is currently a major shift in mindset under way among the younger generation in Europe that is beyond our imagination. At the beginning of 2019, there was a major demonstration in Brussels demanding that politicians take a proactive approach on environmental issues. In this era, I believe it is corporations, not governments, that can tackle global problems. I am hopeful that, as a prominent company in its industry, AGC will take the lead in initiatives toward creating a sustainable society. Please strive to promote such initiatives to the younger generation, enhance them, and construct a virtuous circle that leads to further advancing the company.



From right: Takuya Shimamura, AGC President and CEO; Professor Jared Diamond; Professor Eric Lambin; Kazuhiko Ishimura, AGC Director and Director Chairman of Asahi Glass Foundation

Professor Jared Diamond

The acquisition of natural resources necessary for AGC's manufacturing processes and the fuel used to melt them places a great burden on the environment. It is important for AGC to proactively take the lead in reducing its impact on the environment to prevent its employees from feeling like accomplices in environmental destruction but instead allow them to take pride in their company. This will help attract and retain superior talent. The realization of a sustainable society and a company's sustainable growth now go hand in hand.

AGC's Cover Glass for Car-Mounted Displays Used in the New Lexus RX Series

AGC's cover glass for car-mounted displays is used in the navigation system display* of the new Lexus RX series, which was unveiled in August 2019. The fusion of fine quality and innovation is a hallmark of the interior of the luxury SUVs of the new Lexus RX series. AGC's car-mounted cover glass is an ideal match for the series' refined interiors, given the quality feel of the glass itself. It also offers exceptional transparency as well as other features demanded of display touch panel glass, such as resistance to fingerprints and wear.

*Overseas specifications: 12.3 and 8 inches
Domestic specifications: 12.3 inches



Introducing Our Bases

AGC Display Glass Yonezawa



Location:
Hachimanpara 4-2837-11 Yonezawa City, Yamagata 992-1128, Japan
Founded: 1989
Employees: Approx. 440 (as of December 2019)
Main business activities:
Manufacturing and processing of glass substrates for flat-panel displays and cover glass for car-mounted displays

Message from the President

AGC Display Glass Yonezawa started operations in 1992 as the birthplace of continuous polishing technologies for the glass substrates used in flat-panel displays (FPDs). These substrates appear in such products as televisions, smartphones, car navigation systems, and video cameras. The processing technologies developed here have now spread to AGC Group facilities around the world.

In 2013, we captured new business and began manufacturing and processing cover glass for car-mounted displays. In recent years, displays used in automobiles have become larger and more complex in shape. I am pleased to note that AGC's products have been adopted not only in Europe but increasingly by Japanese automakers as well. To note, they are used in the new Lexus RX series, which was launched in August 2019.



Yuzo Murayama, President and Representative Director

AGC's Approaches to Work-Style Reform

Since 2017, AGC has been reviewing its work-style practices to become a company whose competitive edge is its work force. We have tried to review meetings and other tasks, improve the skills of managers, take a fresh look at our employment programs, and enhance our IT and other aspects of the work environment. Here we introduce some of the programs that we have adopted.



AGthink concentration area

Work-from-home program

We have implemented a program that enables employees regardless of job type to work from home with no limits on the reason or the frequency.

Leave-of-absence program for spouse job transfer

We have adopted a program that allows employees who find it difficult to continue working due a spouse's job transfer to take leaves of absence of three years cumulatively before returning to work at AGC.

Program for flexible work without core time

We have adopted a program that allows all employees to set their working hours freely at their own discretion.

Concentration areas

In September 2018, we established a concentration space in the Head Office that helps workers focus by providing plants to lower stress and natural sounds to aid relaxation. We are considering expanding such concentration areas to all work sites in the future.

AGC believes that innovation is facilitated when diverse talented people are highly motivated in their work and is undertaking various initiatives to create such an environment.

Selected as a Nadeshiko Brand for Excellence in Promoting the Advancement of Women

AGC has been selected as a Nadeshiko Brand for 2019 by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange in recognition of its efforts in promoting the advancement of women. This is the third time AGC has been selected as a Nadeshiko Brand, following 2012 and 2013.



Certified as a 2020 "White 500" Company for Outstanding Health and Productivity Management

AGC has been selected by METI and Nippon Kenko Kaigi (the Japan Health Council)* as one of 2020's "White 500," a group of companies demonstrating outstanding health and productivity management.

AGC was recognized for its various initiatives to promote health and productivity, including the "AGC Swan Project," which seeks to eliminate passive smoking and reduce the percentage of smokers in the work force, and "AGC Walk," an innovative walking event that uses a smartphone app.

*Nippon Kenko Kaigi is an organization that takes practical actions to ensure longer, healthier life spans and provide appropriate medical care for all the citizens of Japan.



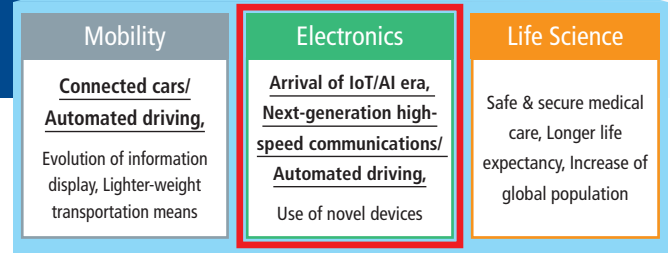
Enhancing the Growth of Our Strategic Businesses

—PCB materials business of Electronics—

We have designated the three areas of **Mobility, Electronics, and Life Science** as our strategic businesses and are working to grow these businesses to realize our long-term management strategy, *Vision 2025*.

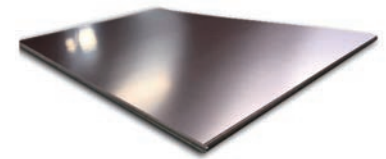
In this edition of *AGC Review*, we introduce copper clad laminates (CCLs) as an area of focus for business development in the Electronics segment.

Strategic Businesses



What is a copper clad laminate (CCL)?

CCLs are the base materials of printed circuit boards (PCBs), a key component in every type of electronics equipment. An insulator substrate is made from glass fiber or paper soaked in resin, then laminated with copper clad. A CCL's performance varies according to the materials used for the insulating resin and the properties of the copper clad.



Why is AGC involved in the CCL business?

With the advent of the IoT age and the spread of automated driving, the 5G-related market is anticipated to expand since it enables high-speed, high-bandwidth, and low-latency data transfer. At the same time, the high-frequency signals used in 5G present a challenge in that they attenuate easily, and thus the substitution of products with materials offering low transmission loss is expected to increase. Because AGC possesses materials with exceptionally low transmission loss, the expansion of the 5G-related market represents a major business opportunity. Against this backdrop, in December 2018 and June 2019, AGC acquired companies with CCL businesses having low transmission loss that have a strong affinity with its technologies and materials.

*Low transmission loss: The amount of electrical signal deterioration flowing through a communication path. The lower the transmission loss, the better.

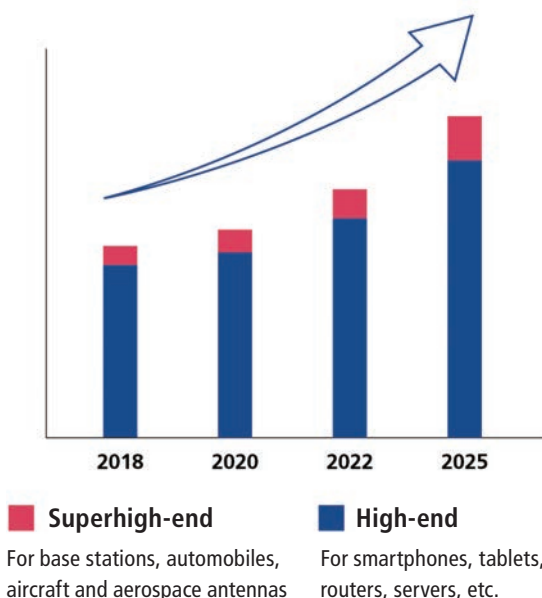
Projections of future market growth

Thanks to growth in the demand for next-generation, high-speed communication applications, the market is expected to grow at about 15% annually in the seven years from 2018 to 2025. We aim to expand our business through a global network gained through acquisitions and applications of our R&D capabilities.

● Trends in market scale

Growth in the market for high-end and superhigh-end CCLs

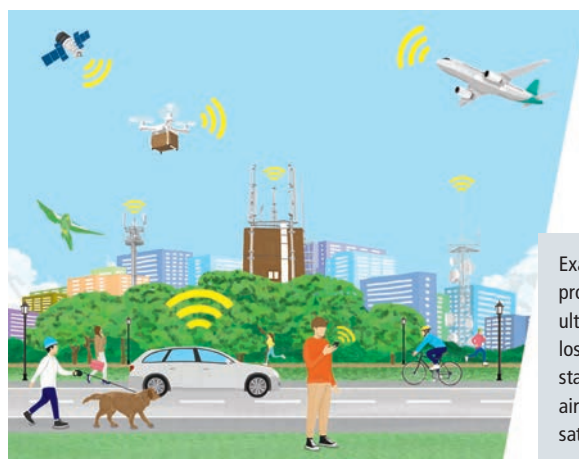
*AGC's independent estimates



● Examples of usage by industry

Private-sector telecommunications	Base stations, servers, routers, switches, etc.
Automotive	Milliwave laser antennas, etc.
Aircraft & Aerospace	Radar, aircraft telecommunications, etc.

● Examples of finished products



Examples of finished products that use ultralow transmission loss CCLs include base stations, smartphones, aircraft, automobiles, satellites, and drones.

Exhibit Opened on the 4th Floor of the Science Museum in Tokyo

The *AGC Meets Dr. Stone* exhibit opened in December 2019 on the 4th floor of the Science Museum in Tokyo's Chiyoda Ward with the hope of having visitors feel an affinity for science while also having fun. This exhibit is a collaboration between AGC, a provider of a broad range of materials and solutions including glass, electronics, and chemicals, and *Dr. Stone*, a manga conveying the appeal of science. On display are such items as stained-glass depictions of Senku Ishigami, the protagonist of *Dr. Stone*, and glass speakers made by AGC. As the exhibit is scheduled to run through December 5, 2020, please try visiting.

Dr. Stone is a Japanese manga series written by Riichiro Inagaki and illustrated by Boichi that is currently serialized in Shueisha Inc.'s *Weekly Shōnen Jump*.



©Kome Studio, Boichi/Shueisha

Access here for the hours of operation and closing days of the Science Museum (2-1, Kitanomaru-koen, Chiyoda-ku, Tokyo).

www.jsf.or.jp/

Corporate Outline

(as of December 31, 2019)

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:

213 (including 176 companies overseas)

State of Shares

(as of December 31, 2019)

Number of shares outstanding: 227,441,381

Number of shareholders: 61,744

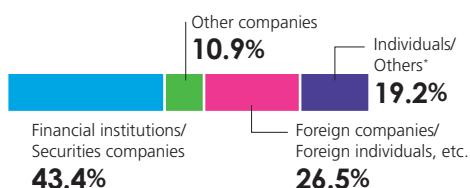
Shareholders who own shares of one unit or more:

54,146

Shareholder Composition

(as of December 31, 2019)

(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>

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)

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.