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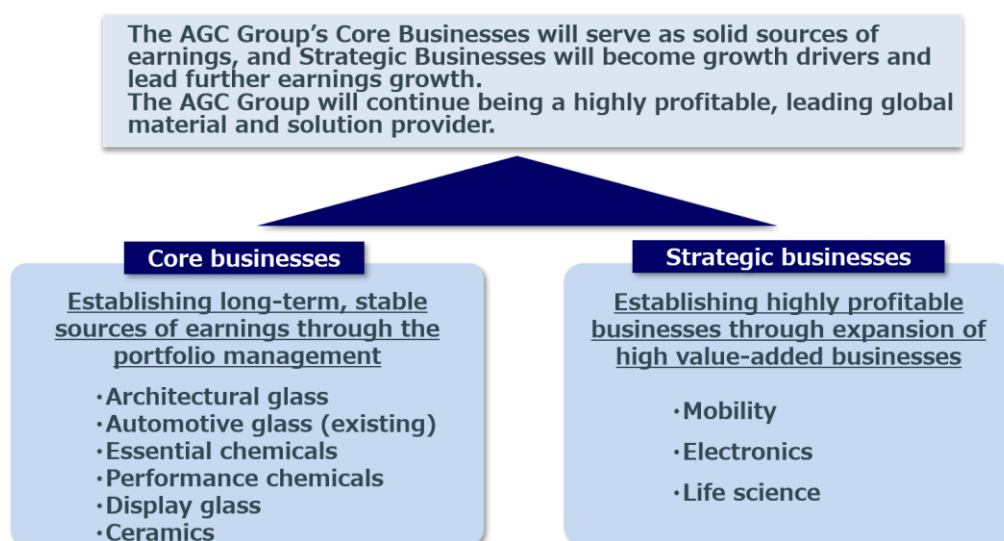
Progress of the Mid-term Management Plan and Initiatives to Drive Further Growth

AGC Inc. (Headquarters: Tokyo; President: Takuya Shimamura) hereby announces the progress of the AGC Group's mid-term management plan **AGC plus-2020**, which it formulated in February 2018, as well as the initiatives to drive further growth.

1. Progress in AGC's mid-term management plan **AGC plus-2020**

The Company has established "Vision 2025" and a long-term management strategy to achieve this goal as follows.

"Vision 2025" (established in 2016)



By positioning the period from 2018 to 2020 as "a period for laying the foundation to achieve the Vision 2025," the Company formulated **AGC plus-2020** in February 2018 with the key action items as follows.

Key Action Items of **AGC plus-2020**

- 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

In fiscal 2019, the second year for the mid-term management plan **AGC plus-2020**, the AGC Group achieved net sales of 1,518.0 billion Japanese yen, which were largely level with net sales of 1,522.9 billion

Japanese yen in the previous fiscal year, as a result of each division conducting business operations in line with the key action items despite the impact of a global economic slowdown. Operating profit was 101.6 billion Japanese yen, a decrease from 120.6 billion Japanese yen in the previous fiscal year, due to such factors as a deterioration in market conditions for related products and the impact of production-related trouble. Meanwhile, profit for the year attributable to owners of the parent was 44.4 billion Japanese yen, a decrease from 89.6 billion Japanese yen in the previous fiscal year, due to the decline in other income and expenditure accompanying the recording of impairment loss in the North American automotive glass business. ROE deteriorated to 3.9% from 7.7% in the previous fiscal year.

In addition, the Group engaged in investment aimed at future growth, including establishing a new automotive glass antenna development site (Europe) and a new production plant for large/complex-shaped cover glass for car-mounted displays (China), expanding the supply system for EUV lithographic photomask blanks (Japan), expanding production capacity for biopharmaceuticals (U.S. and Europe), as well as deciding on and implementing the acquisition of the global operations of the Advanced Dielectric Division of US-based Taconic.

In fiscal 2020, the final year of the mid-term management plan **AGC plus-2020**, the AGC Group will not meet the initial targets for operating profit and ROE, mainly due to the impact of the global economic slowdown. However, strategic businesses are expected to continue to grow as a result of the AGC Group implementing aggressive investment while maintaining the D/E ratio at 0.5 or less. Moreover, as we return to profit growth due to appearance of the results of investments that the AGC Group has implemented so far, we will continue to engage in aggressive investment aimed at achieving future growth.

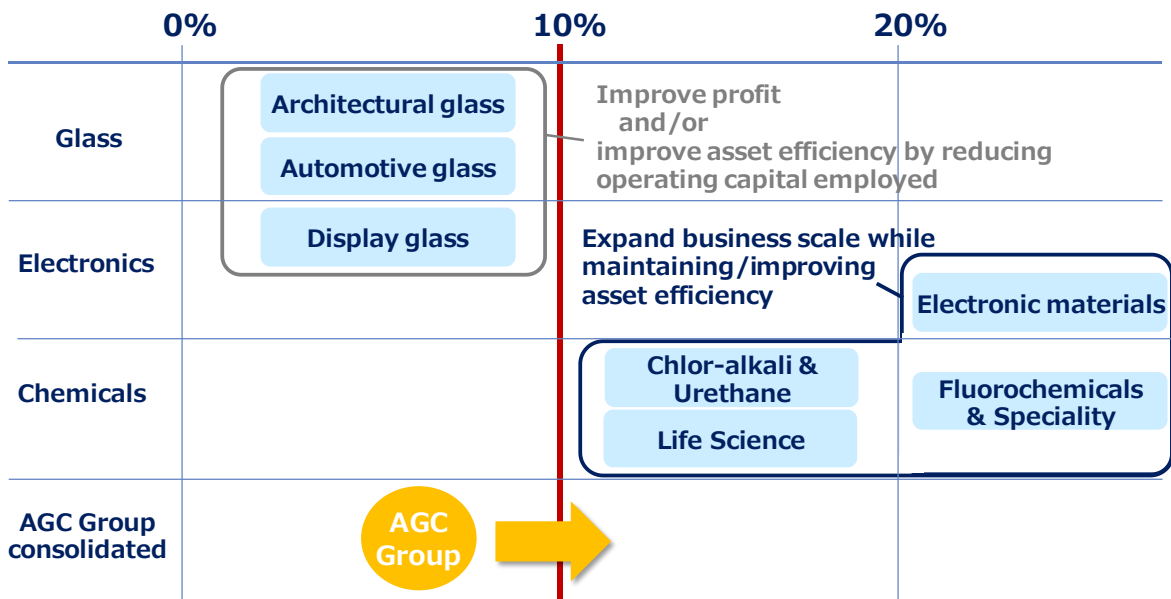
	FY2020		FY2025 Target
	Initial Target	Forecast	
Operating profit	160.0 billion yen or more	120.0 billion yen	229.2 billion yen or more (record high)
ROE	8% or more	6.0%	10% or more
Strategic business contribution ratio	25% or more	29%	40% or more
D/E	0.5 or less	0.5 or less	0.5 or less

Business segment	Major Investments and Timing for Appearance of Results
Glass	<p>【Architectural Glass】</p> <ul style="list-style-type: none"> • Improve productivity and fuel efficiency by renovating facilities in Europe (2020) • Establish new furnace in Brazil (2020) <p>【Automotive Glass】</p> <ul style="list-style-type: none"> • Establish new plant for cover glass for car-mounted displays in China (2022)
Electronics	<p>【Display Glass】</p> <ul style="list-style-type: none"> • Increase G11 TFT-LCD glass capacity in China (2020) <p>【Electronic Materials】</p> <ul style="list-style-type: none"> • Increase EUV lithographic photomask blank capacity in Japan (increase in stages from 2019)

Chemicals	<p>【Essential Chemicals】</p> <ul style="list-style-type: none"> • Expand PVC production capacity in Indonesia (2021) • Expand capacity for electrolysis in Thailand (2022) <p>【Fluorine】</p> <ul style="list-style-type: none"> • Increase capacity for fluorine products in Japan (2021) <p>【Life Science】</p> <ul style="list-style-type: none"> • Increase capacity for GMP-compliant synthetic pharmaceuticals in Japan (2020) • Increase capacity for biopharmaceuticals in U.S. (2020)
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The AGC Group uses ROE as one of its management financial targets, and ROCE (return on capital employed) and EBITDA (earnings before interest, tax, depreciation and amortization) are used as management indicators in the operations of each business. It is necessary to achieve company-wide ROCE of roughly 10% in order to reach the target ROE of 8.0%, and the architectural glass business, automotive glass business, and display glass business are striving to improve profitability and asset efficiency to achieve this goal. In the electronics materials business and the chemicals business, which includes life science, chlor-alkali and urethane, fluorine and specialty chemicals, we will also aim to maintain and enhance the currently high asset efficiency while expanding business scale through aggressive investment and increasing profit.

ROCE (FY2020 forecast)



The AGC Group's shareholder return policy states that we will continue a consolidated total return of 50% or more including share buyback based on maintaining the annual dividend payment per share at the current term's expected payment amount or more. In accordance with this policy, we plan to increase the dividend for the fourth year in a row since fiscal 2017 and implemented an acquisition of shares in 2017 and 2018.

Moreover, cash generated from the disposal of strategic shareholdings is allocated to aggressive investment in strategic businesses and shareholder returns.

2. Initiatives to achieve “Vision 2025”

The aim of “Vision 2025” is that “The AGC Group’s Core Businesses will serve as solid sources of earnings, and Strategic Businesses will become growth drivers and lead further earnings growth. The AGC Group will continue being a highly profitable, leading global material and solution provider.”

The main initiatives in core businesses and strategic businesses are as follows.

【Core businesses】

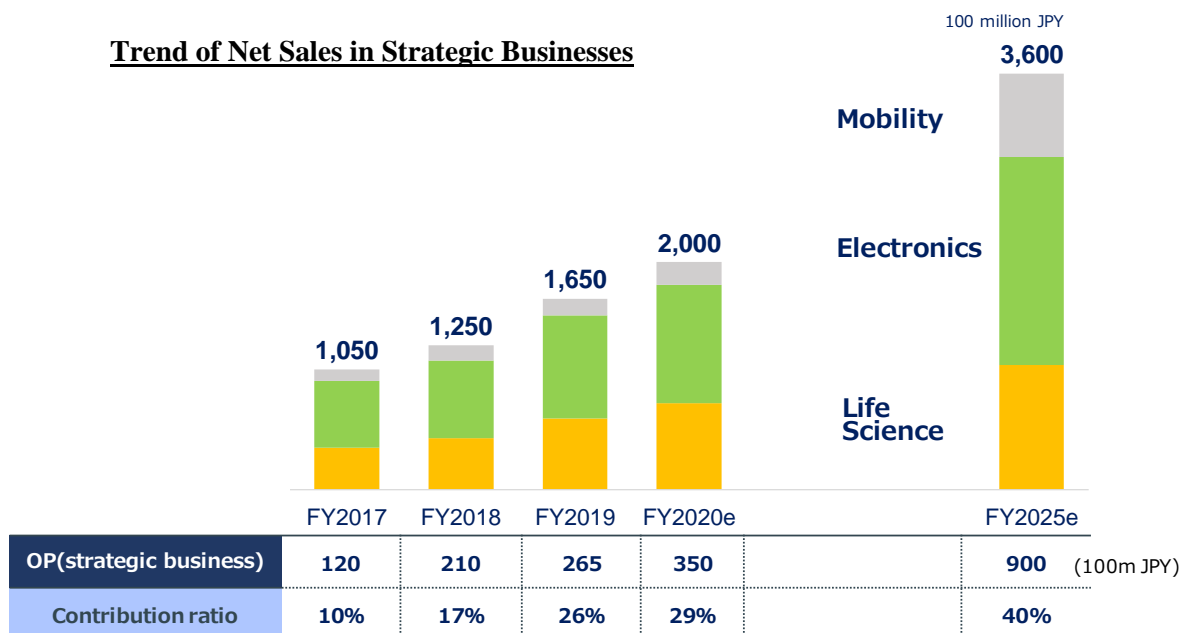
Architectural Glass	Commence investigation of business integration with Central Glass Co., Ltd. in order to adapt to shrinking architectural glass market in Japan (aim for business integration by end of 2020)
Automotive Glass	Handle high-value added products and implement production efficiency improvements in line with conditions in each region 【Japan】 Implement production efficiency improvements and cost reductions and expand sales of high-value added products 【Asia】 Maintain a flexible operation system in response to demand fluctuations 【Europe】 Introduce new facilities by watching and responding to demand trend in order to incorporate high-value added products and improve production efficiency 【North America】 Implement structural improvements such as rationalization of production facilities and cost reductions without aiming to expand market share
Display Glass	Respond to G11 demand growth in China by expanding polishing capacity without increasing substrate production facilities
Essential Chemicals	Aggressively expand capacity in Southeast Asia where robust demand growth is expected going forward and regional production capacity is lacking
Fluorine Chemicals	Expand facility capacity in stages for various product groups, including raw materials, in response to demand growth in the semiconductor, next-generation high-speed communications, and transportation related applications

【Strategic businesses】

Mobility	Seize the environment and infrastructure changes surrounding transportation systems as opportunities, establish new production plant for large/complex-shaped cover glass for car-mounted displays in China in response to increased use of cover glass for car-mounted displays (commence mass production in 2022)
Electronics	Expand sales centered on high-end consumables in response to expansion of semiconductor market in conjunction with development of IoT and advancements in semiconductors Expand sales of EUV mask blanks where market will grow further going forward (2025 target: 40.0 billion yen or more in net sales and market share of 50%) Expand business base related to various next-generation, high-speed communications, including copper clad laminates (CCL), a substrate material for PCBs, and glass antennas
Life Science	Aim for high growth that outstrips market growth rate through acquisitions and aggressive capacity expansion Expect to achieve 100.0 billion yen in net sales, the initial target for 2025, ahead of schedule

By implementing the aforementioned strategies, the AGC Group aims to further increase the earnings of strategic businesses as set out in its mid-term management plan **AGC plus-2020**.

Trend of Net Sales in Strategic Businesses



The AGC Group will achieve “Vision 2025” based on sustainable growth and provide value for all stakeholders.

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