

# New Medium-term Management Plan *AGC plus-2026*

The AGC logo is located in the top right corner of the slide. It consists of the letters 'AGC' in a bold, blue, sans-serif font. A small red square is positioned to the left of the letter 'C', partially overlapping it.

AGC Inc.

February 8, 2024

Your Dreams, Our Challenge

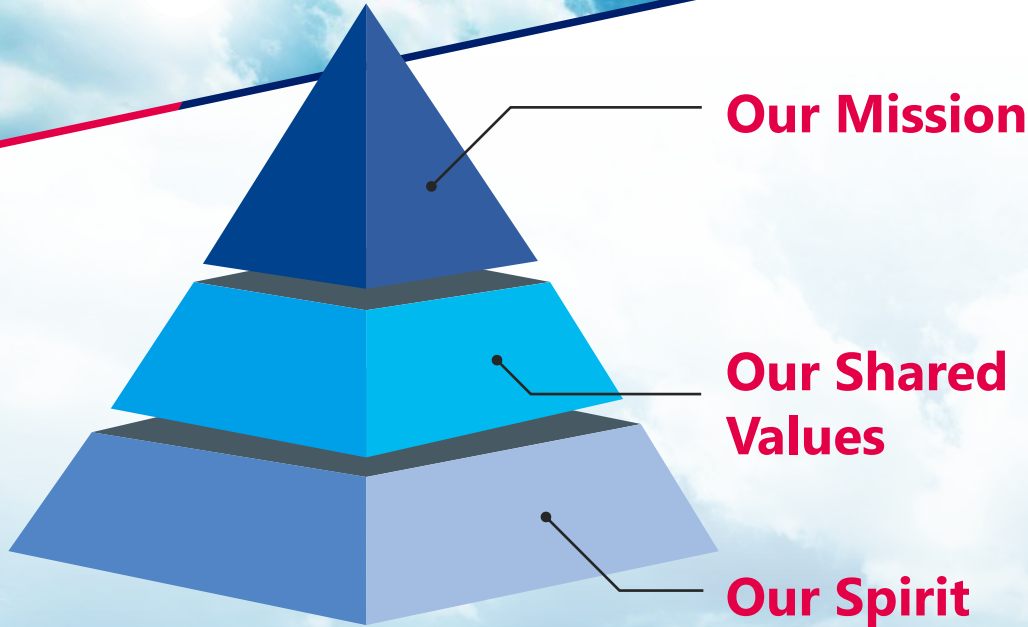


1. AGC Group Initiatives for Value Creation	_____	P.3
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# 1. AGC Group Initiatives for Value Creation

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## ***“Look Beyond”***



### **“AGC, an Everyday Essential Part of Our World”**

~ AGC’s unique materials and solutions make people’s lives better around the world every day.~

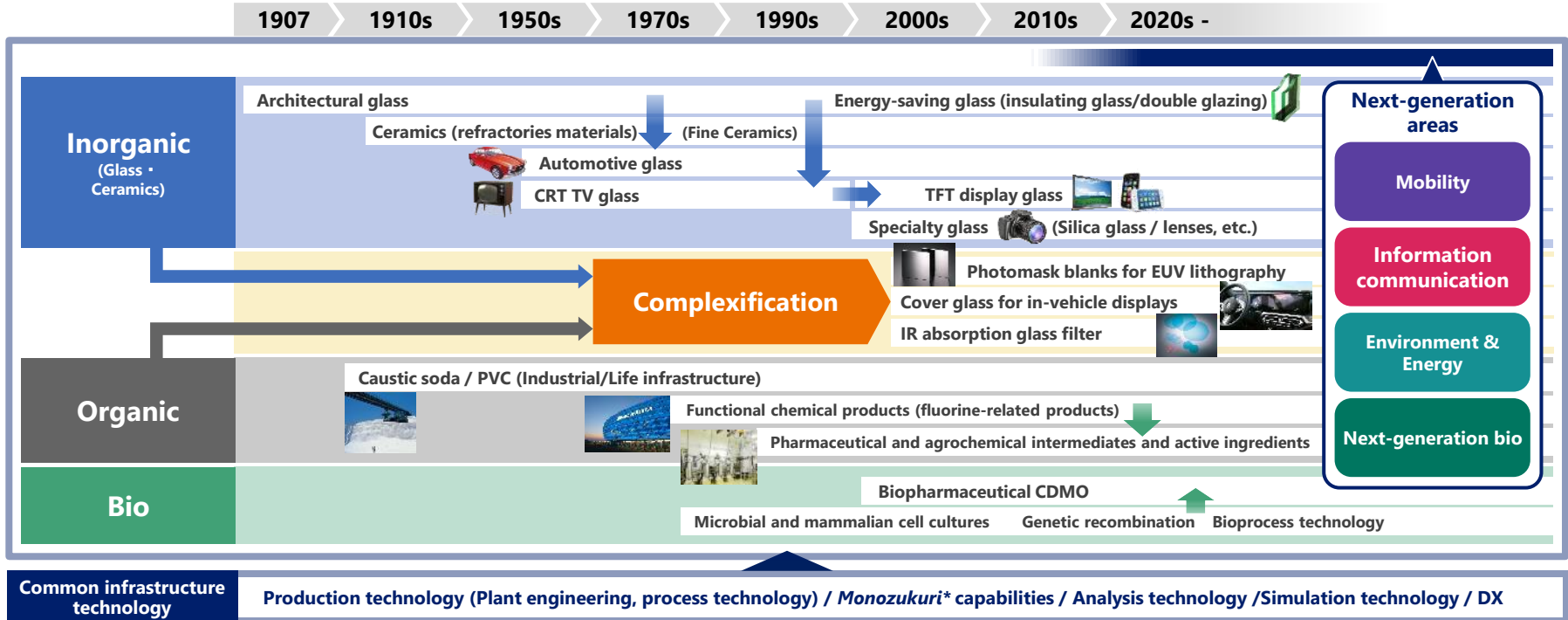
- **Innovation & Operational Excellence**
- **Diversity**
- **Environment**
- **Integrity**

**“Never take the easy way out, but confront difficulties”**

# Our Unique Materials and Solutions

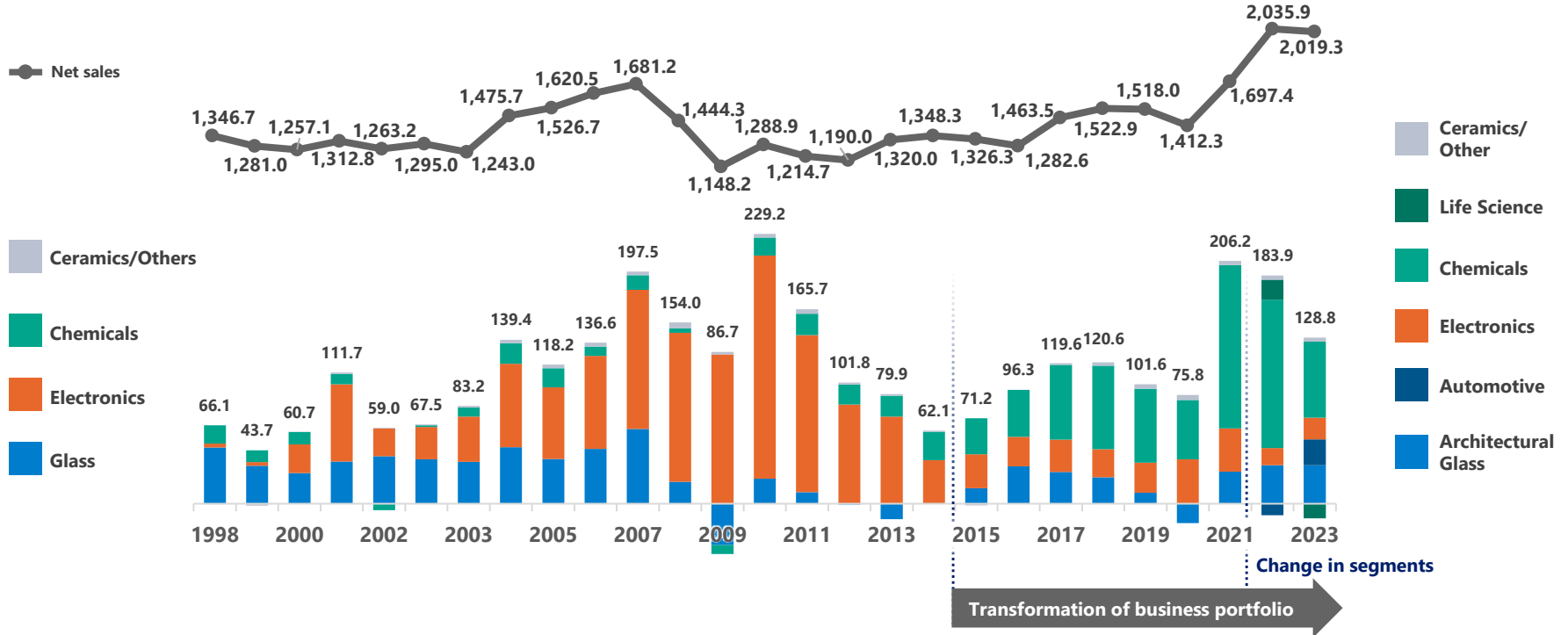
## AGC's technological strengths

Unique and competitive material technologies (e.g., glass, fine ceramics, fluorine, etc.), processing technologies that enable high functionality, black-boxed manufacturing processes, and analytical and simulation technologies, as well as combination of these technologies



# Changes in Business and Earnings Structure

## Net Sales and Operating Profit by Business Segment (Billion yen)



\*Presented in Japanese GAAP for 1998 to 2011, International GAAP for 2012 to 2023

\*Following the change of reportable segments from FY2023, disclosure from 2022 onward is made in the segments shown on the right.

# Medium to Long-term Initiatives for Value Creation

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

## Corporate transformation Chapter 1

Defined "Core businesses" and "Strategic businesses" and promoted the ambidextrous way of business management

## Corporate transformation Chapter 2

Clarified the direction of the Group's business portfolio transformation and declared on the acceleration of the initiative

## Vision 2030

By providing differentiated materials and solutions, AGC strives to help realize a **sustainable society and become an excellent company** that grows and evolves continuously.

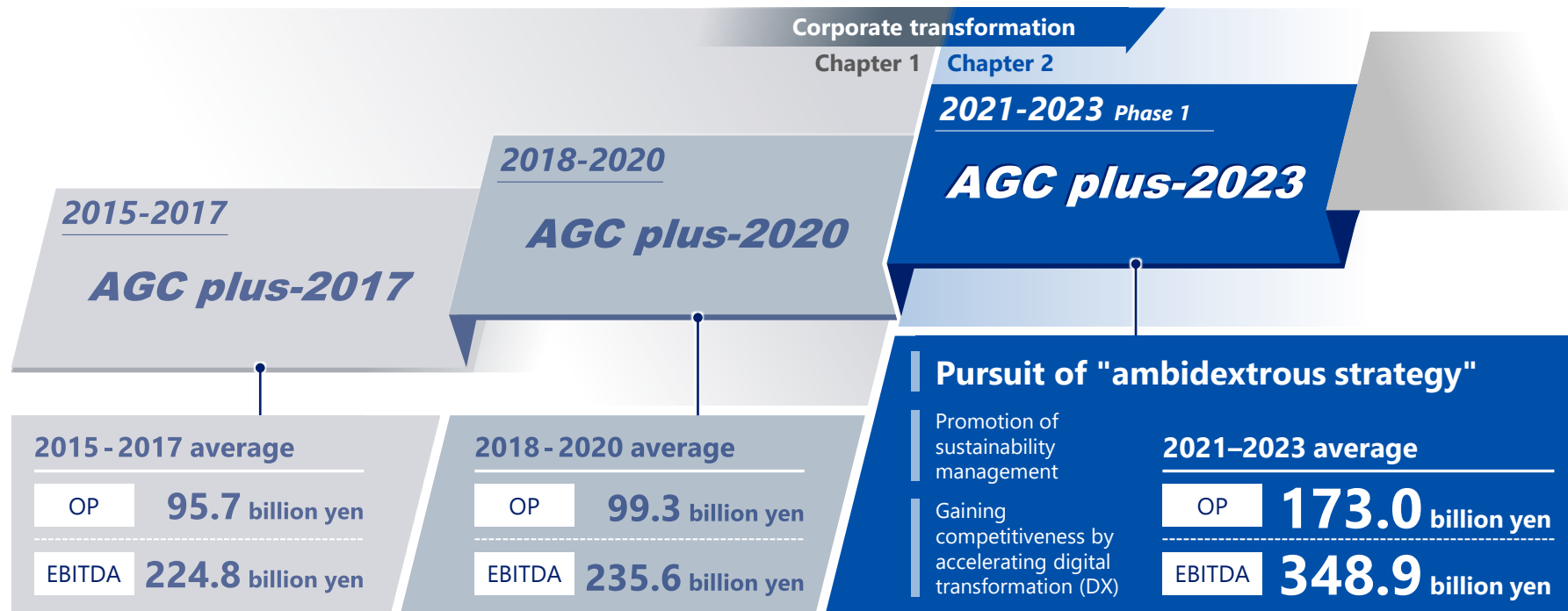
## 2. Recap of Medium-term Management Plan *AGC plus-2023*

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# Recap of *AGC plus-2023*

- Progress in the business portfolio transformation has led to higher levels of operating profit and EBITDA



# AGC plus-2023 Summary (1)

- ROE remains an issue due to impairment losses and other factors

	FY2021 results	FY2022 Results	FY2023 Results
OP	206.2 billion yen	183.9 billion yen	128.8 billion yen
ROE	10%	—*	4.6%
Strategic Business OP	53.8 billion yen	70.9 billion yen	38.2 billion yen
D/E Ratio	0.41	0.41	0.42

Reference

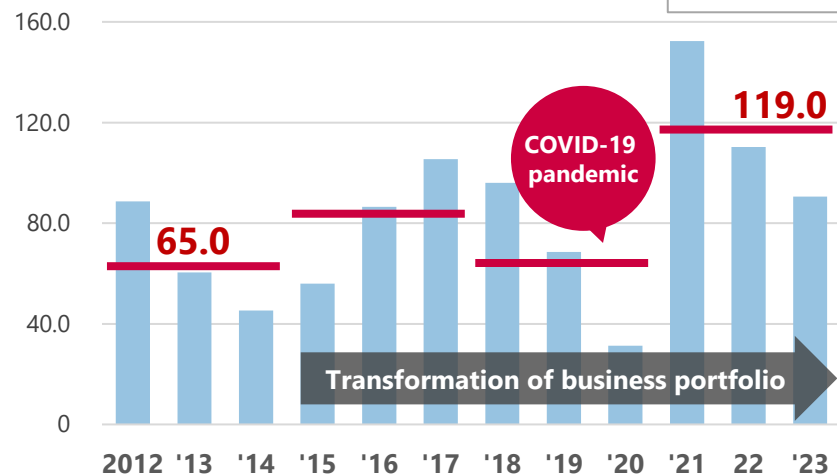
FY2023 target (Announced on 2/5/2021)	FY2023 target (Announced on 2/8/2022)
160.0 billion yen	230.0 billion yen
8%	10%
70.0 billion yen	80.0 billion yen
0.5 or less	0.5 or less

\* In FY2022, there was a net loss attributable to owners of the parent company due to the impact of impairment losses.

- Profitability of core businesses improved due to investments in growth and progress in structural reforms.
- Despite the impact of the poor performance of the U.S. biopharmaceuticals CDMO business in 2023, the strategic business improved its profit level.

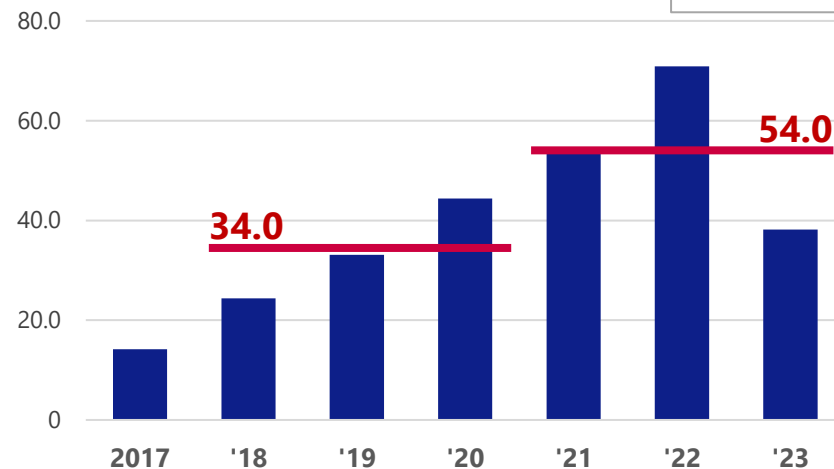
## Core business operating profit

(Billion yen)



## Strategic business operating profit\*

(Billion yen)



\* Strategic business operating profit does not reflect the new definition.

- Improved profitability in core businesses and increased earnings levels in strategic businesses, while issues remain in the display business and the U.S. biopharmaceuticals CDMO business.

	Outcome	Issues
Core Business	<ul style="list-style-type: none"> <li>■ Expanded Essential Chemicals business in Southeast Asia</li> <li>■ Improved profitability due to progress in structural reforms in Architectural and Automotive Glass</li> <li>■ Steady expansion in Performance Chemicals</li> </ul>	<ul style="list-style-type: none"> <li>■ Profitability of Display business</li> </ul>
Strategic Business	<ul style="list-style-type: none"> <li>■ Steady expansion in Electronics and Life Science</li> </ul>	<ul style="list-style-type: none"> <li>■ Quicky rebuilding the U.S. biopharmaceuticals CDMO business</li> </ul>

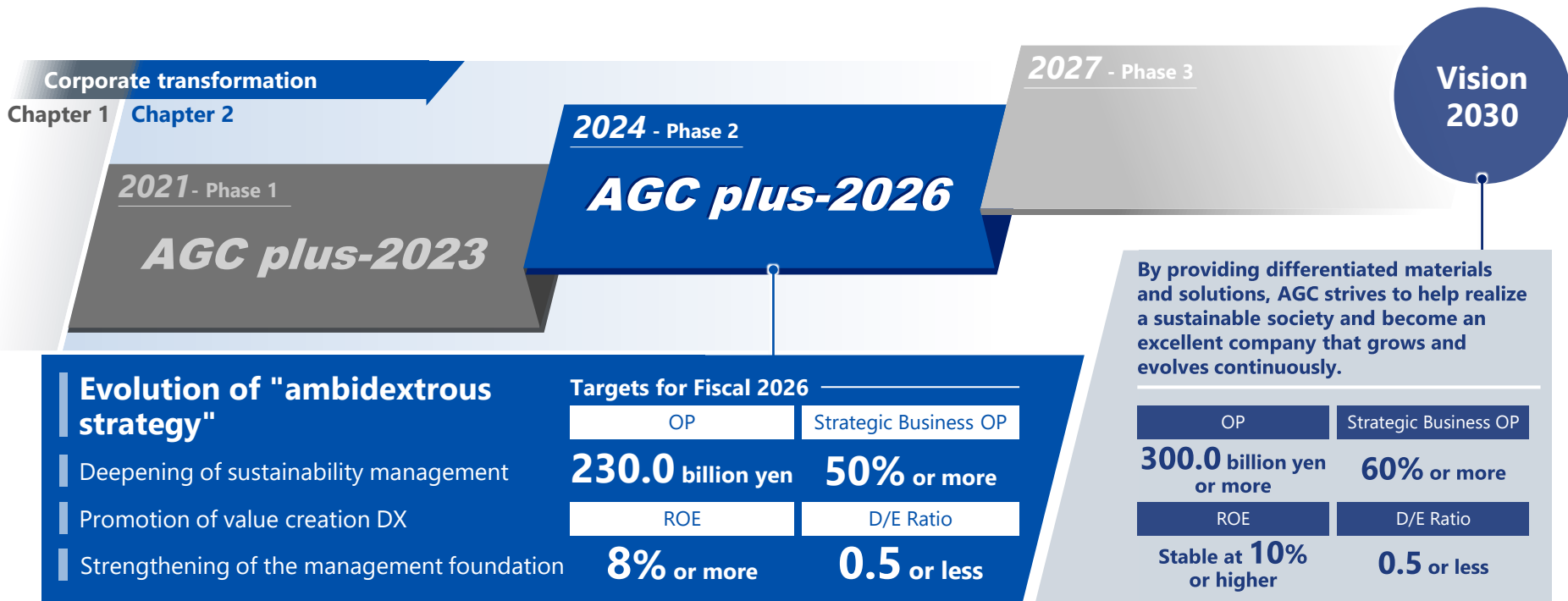
# 3. New Medium-term Management Plan

## ***AGC plus-2026***

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# Steps toward Realization of Vision 2030

- Under **AGC plus-2026**, we will accelerate corporate transformation (CX) and maximize corporate value to realize Vision 2030.



## Evolution of "ambidextrous strategy"

- Deepening of sustainability management
- Promotion of value creation DX
- Strengthening of the management foundation

### Targets for Fiscal 2026

OP	Strategic Business OP
<b>230.0 billion yen</b>	<b>50% or more</b>
ROE	D/E Ratio
<b>8% or more</b>	<b>0.5 or less</b>

By providing differentiated materials and solutions, AGC strives to help realize a sustainable society and become an excellent company that grows and evolves continuously.

OP	Strategic Business OP
<b>300.0 billion yen or more</b>	<b>60% or more</b>
ROE	D/E Ratio
<b>Stable at 10% or higher</b>	<b>0.5 or less</b>

- We will continue to pursue the direction of the **AGC plus-2023**, which has yielded certain results.
- To realize Vision 2030, we will accelerate corporate transformation (CX) and maximize corporate value (**achieve ROE 8% or more at an early stage**) .

## Evolution of "ambidextrous strategy"

- Accelerate business portfolio transformation by pursuing the use and development of differentiated materials and solutions
- Continue to strengthen the earnings base and cash generation capabilities of core businesses.
- Revise the scope of strategic businesses, accelerate business growth, and explore next-generation areas

## Deepening of Sustainability Management

- Accelerate integrated management, including financial KPIs, by redefining the social value that we provide and setting sustainability KPIs.

## Promotion of value creation DX

- Strengthen competitiveness through digital × *monozukuri* capabilities
- Streamline and strengthen the entire supply chain

## Strengthening of the management foundation

- Strengthen group governance
- Promote human capital management
- Further strengthen the alignment between business strategy and technology platform

# Direction of the Business Portfolio Transformation

- Through the business management with its unique ambidextrous approach, 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**





# Revising the Scope of Strategic Businesses: Newly include Performance Chemicals

- Performance Chemicals, which provides high-performance materials for a variety of cutting-edge applications\*, is now integrated into strategic businesses.

## Core Business

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

Architectural  
Glass

Automotive  
(Existing)

Display

Essential  
Chemicals

Performance  
Chemicals

Ceramics

## Strategic Business

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



Electronics



Mobility



Life Science

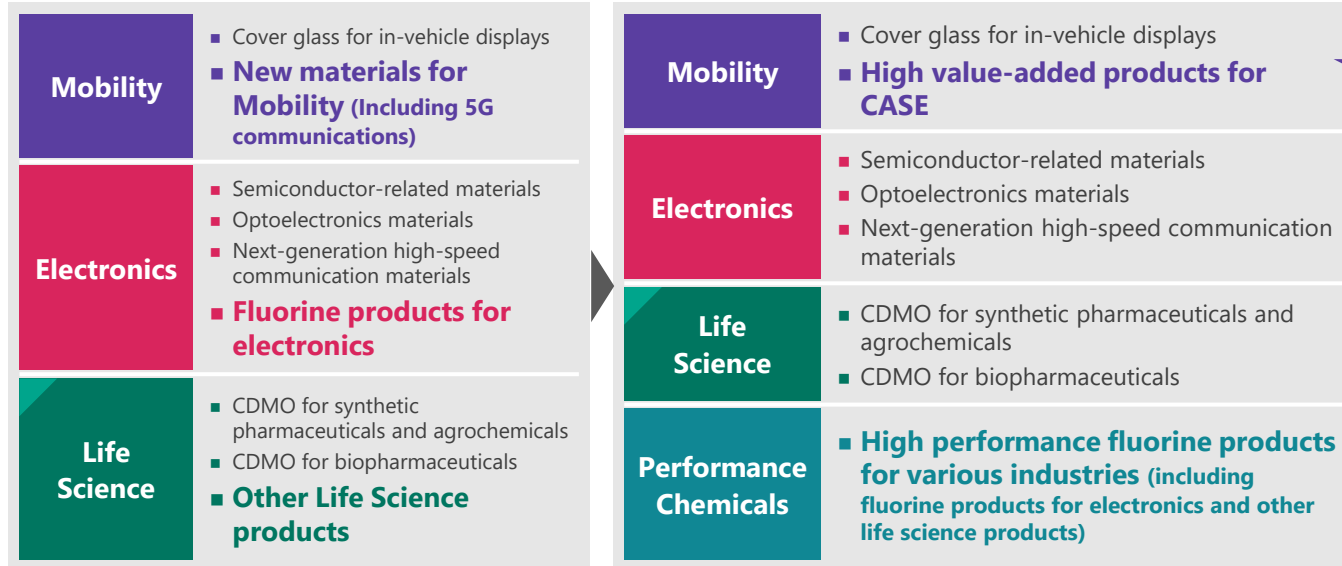
Performance  
Chemicals

New

# Revising the Scope of Strategic Businesses: Expanded the definition of Mobility businesses

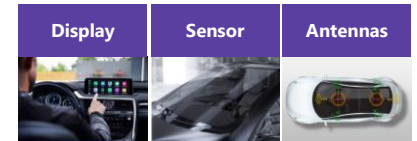
- We have revised the definition of Mobility in addition to adding Performance Chemicals into strategic businesses.
- We have added high value-added products for CASE that were previously categorized in core businesses.

## Main products and businesses



## Mobility business

We have added other "high value-added products for CASE" in addition to conventional mobility products (displays, sensors, antennas, etc.)

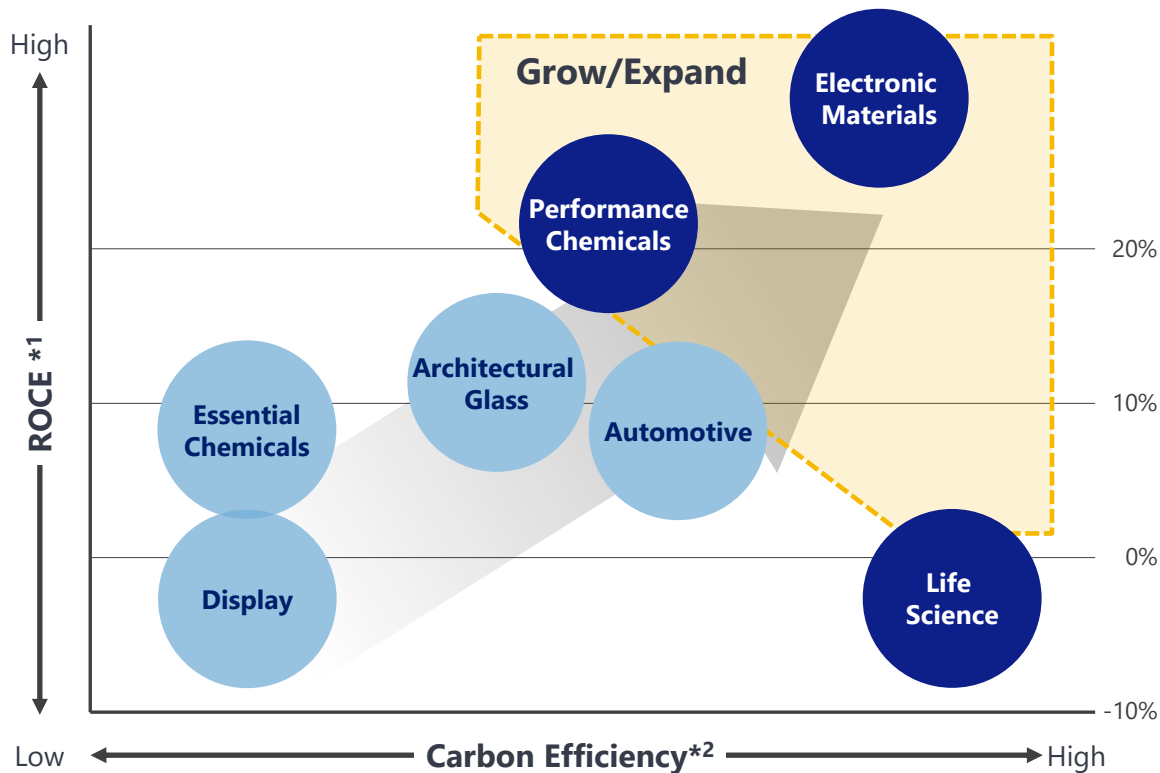
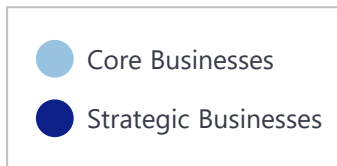


+











# Direction of the Business Portfolio Transformation (Carbon Efficiency · ROCE)

## Direction of the Business Portfolio



**ROCE** : (OP of the year) ÷ (Operating asset at the year-end),  
Group-wide OP by business is after allocation of common expenses; OP for each business is before allocation of common expenses

# Overview of Strategies for Each Business

	Business	Overview of strategies
<b>Strategic Business</b>	 <b>Electronics</b>	<ul style="list-style-type: none"> <li>Expansion of EUV mask blanks and other high value-added products</li> <li>Continuous creation of new businesses</li> </ul>
	 <b>Life Science</b>	<ul style="list-style-type: none"> <li>Early rebuilding of U.S. biopharmaceutical CDMO business</li> <li>Return to a growth trajectory by leveraging our strengths in global operations and technological capabilities</li> </ul>
	 <b>Mobility</b>	<ul style="list-style-type: none"> <li>Seizing business opportunities with an eye on market changes through CASE</li> </ul>
	 <b>Performance Chemicals</b>	<ul style="list-style-type: none"> <li>Provide high-performance materials for electronics including semiconductors as well as the environment and energy fields</li> <li>Capture demand in global niche markets by adding high value and expanding business areas</li> </ul>
<b>Core Business</b>	 <b>Architectural Glass</b>	<ul style="list-style-type: none"> <li>Strengthen products and technologies that help solve social challenges such as GHG reduction, and stably generate cash</li> </ul>
	 <b>Automotive</b>	<ul style="list-style-type: none"> <li>Improve profitability and efficiency through pricing policy, structural reforms, and continued shift to high performance and high value-added products</li> </ul>
	 <b>Display</b>	<ul style="list-style-type: none"> <li>Improve profitability and asset efficiency through business restructuring, strengthening competitiveness through technological innovation, and revising pricing policies</li> </ul>
	 <b>Essential Chemicals</b>	<ul style="list-style-type: none"> <li>Continue and strengthen the strategy of regional concentration in the growing Southeast Asian market</li> </ul>

- We will take prompt actions to improve the performance of the Display business and the U.S. biopharmaceuticals CDMO business.

## Display business

**Launched a project led by the CFO for structural reform of the Display business**

Swiftly implement structural reforms under the leadership of top management

## U.S. biopharmaceuticals CDMO business

Issues	Status*	Outlook
Business environment	Continues to be impacted by reduced inflows of funds to biotech ventures, but there are signs of recovery	Gradual market recovery continues, with full recovery expected in 2025
Ramp-up of new line	Implemented fundamental measures and started commercial operation at the end of 2023	Full commercial operations to resume in 2024, contributing to improved profitability

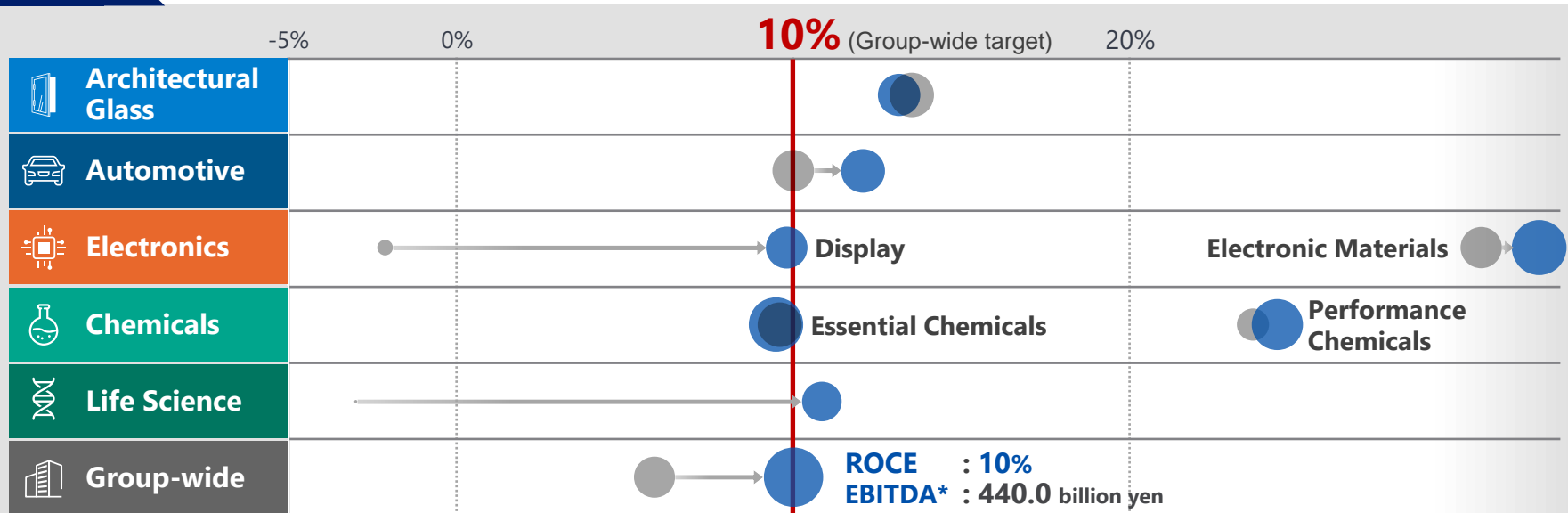
**Aiming for early improvement through steady execution of fundamental measures**

# ROCE of Each Business

- We will continue to aim for a Group-wide ROCE of **10% or higher**

ROCE

● 2023 Actual vs ● FY2026 Projection

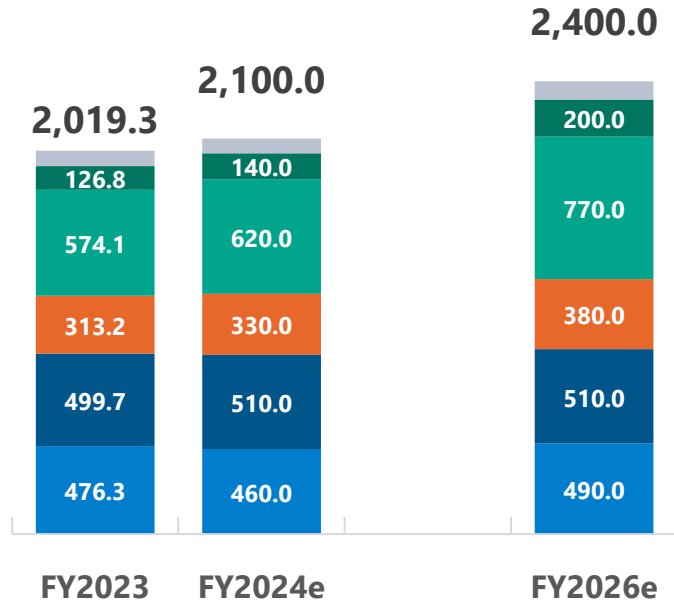


**ROCE** : (OP forecast of the year) ÷ (Operating asset forecast at the year-end),  
Group-wide OP by business is after allocation of common expenses; OP for each business is before allocation of common expenses

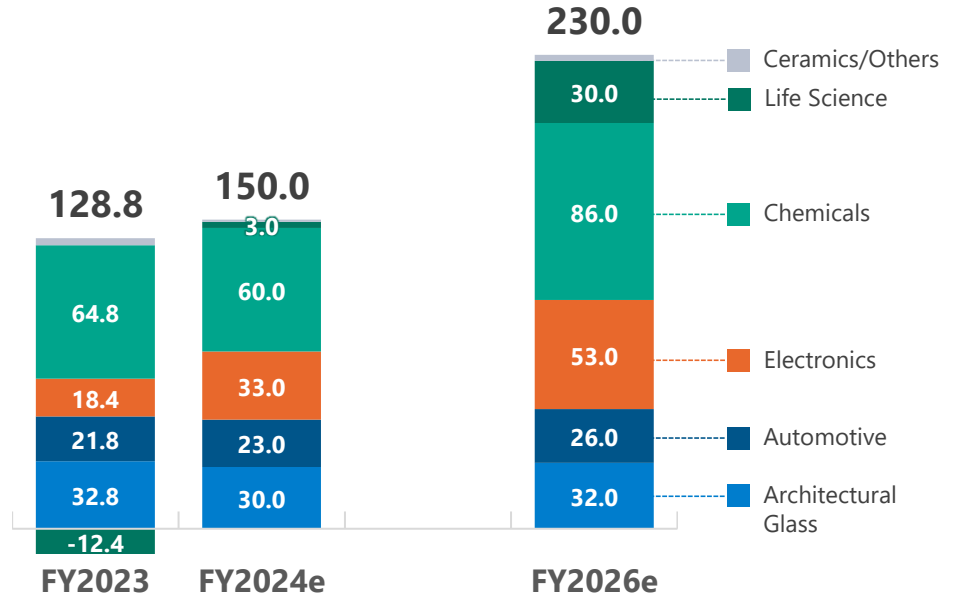
**Diameter of each circle (excluding those of the group-wide section)** : the size of EBITDA \* **EBITDA** = Operating profit + Depreciation

# Image of Performance by Segment

## Net sales (Billion yen)

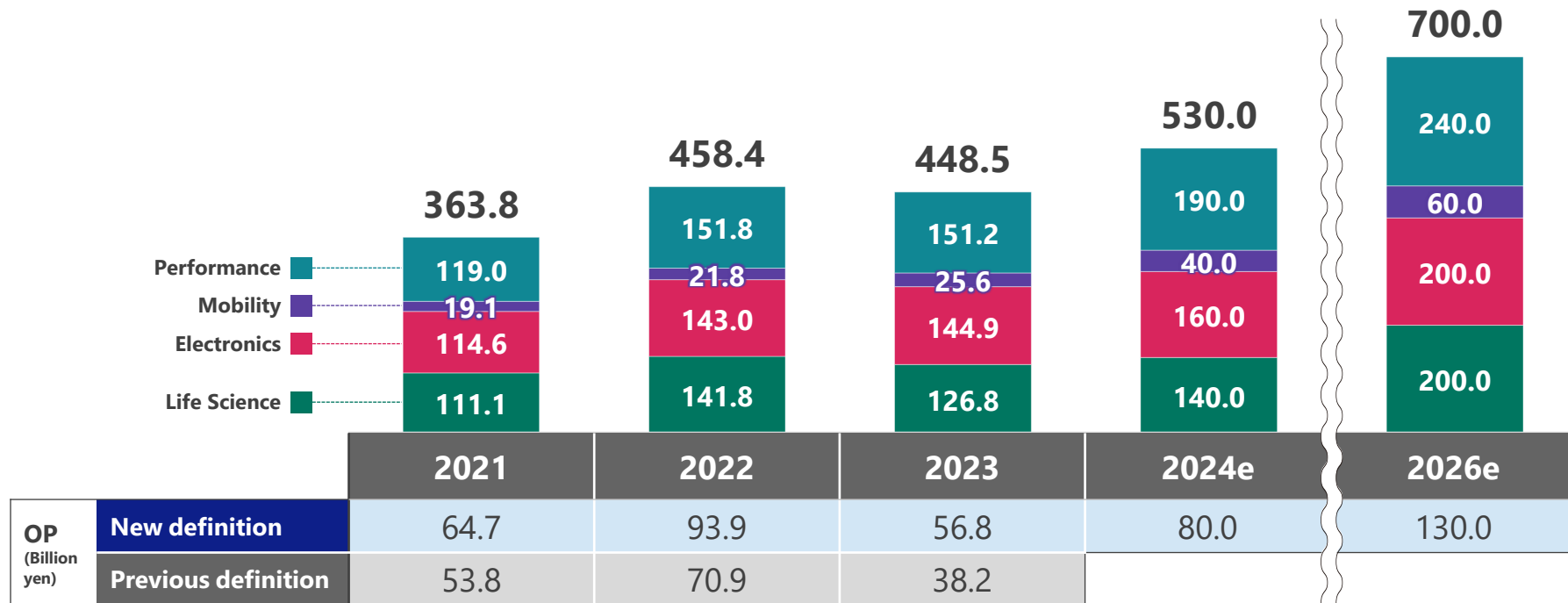


## OP (Billion yen)



# Strategic Business Performance Image

## Strategic business net sales (Billion yen)



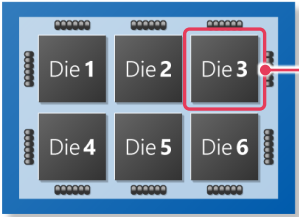


## Full-scale development of glass core substrates for next-generation semiconductor packages

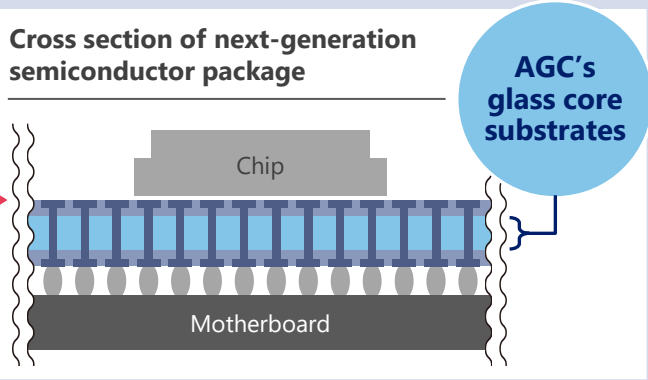
- Glass substrates with through vias (glass core substrates) for next-generation packaging enable even higher integration and performance of semiconductors

### AGC's glass core substrates

Image of next-generation semiconductor package



Cross section of next-generation semiconductor package



AGC's glass core substrates

### Six advantages of glass core substrates\*

1. Rigidity	2. Flatness· Smoothness
3. Micro and high precision hole processability	4. Thermal and mechanical shape stability
5. Low loss property	6. Insulating property

\* Comparison with resins currently mainly used as core substrate materials for semiconductor packages

## Enhancement of biopharmaceutical and vaccine development and manufacturing capabilities in Japan

- We will introduce dual-use facilities capable of producing cutting-edge biopharmaceuticals such as mRNA therapies and switching to vaccine production in the event of a pandemic (service to begin gradually in 2025)
- Contributing to biopharmaceutical ecosystem in Japan

Completed image  
(at AGC Yokohama Technical Center)



### One of the largest\* CDMO facilities in Japan



**Cutting edge and  
compliant with multiple  
modalities**



**Extensive knowledge cultivated  
in Japan, the United States, and  
Europe**

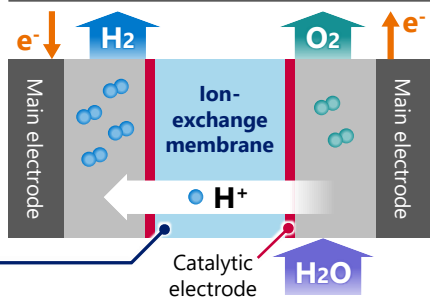
## Investing to increase the production of fluorine ion exchange membranes for water electrolysis suitable for green hydrogen\* production

- We will help expand the hydrogen society by utilizing AGC's electrolyte technology for fuel cells and ion-exchange membrane technology for electrolysis

### Providing world-class ion-exchange membranes



### Mechanism of PEM water electrolysis



### New FORBLUE™ S Series manufacturing facility established at the Kitakyushu Plant

Kitakyushu Plant



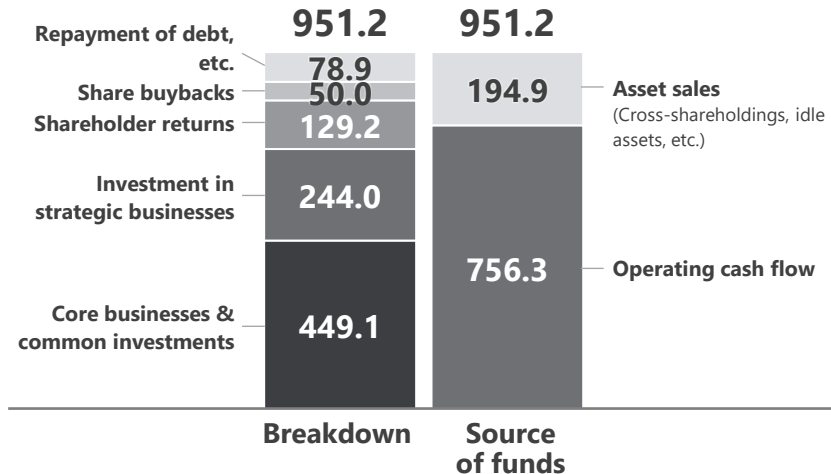
Scheduled to begin operations in June 2026

# Capital Allocation Policy

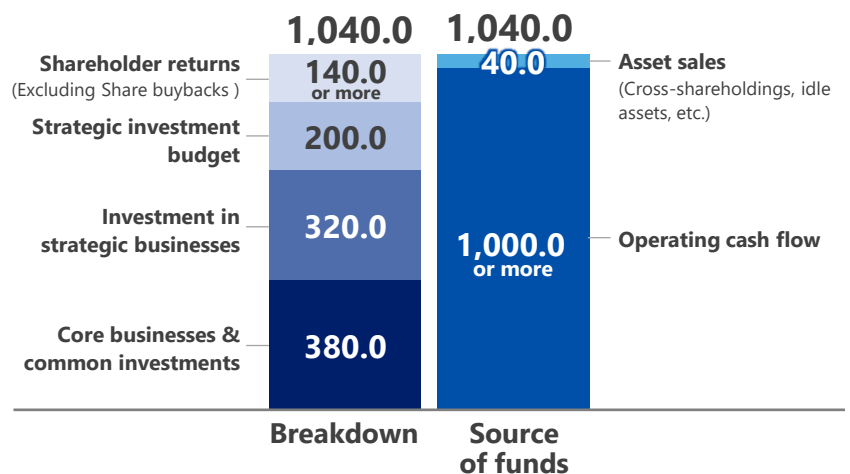
- Strategic investment budget will be set at 200 billion yen for proactive investment in strategic and growth businesses.
- Regarding shareholder returns, stable dividends will be maintained with a target of approx. 3% Dividend on Equity (DOE), and share buybacks will be determined based on a comprehensive consideration of investment projects, cash position and other factors.

(Unit: Billion yen)

## Previous MTMP period (FY2021-FY2023)



## FY2024-FY2026



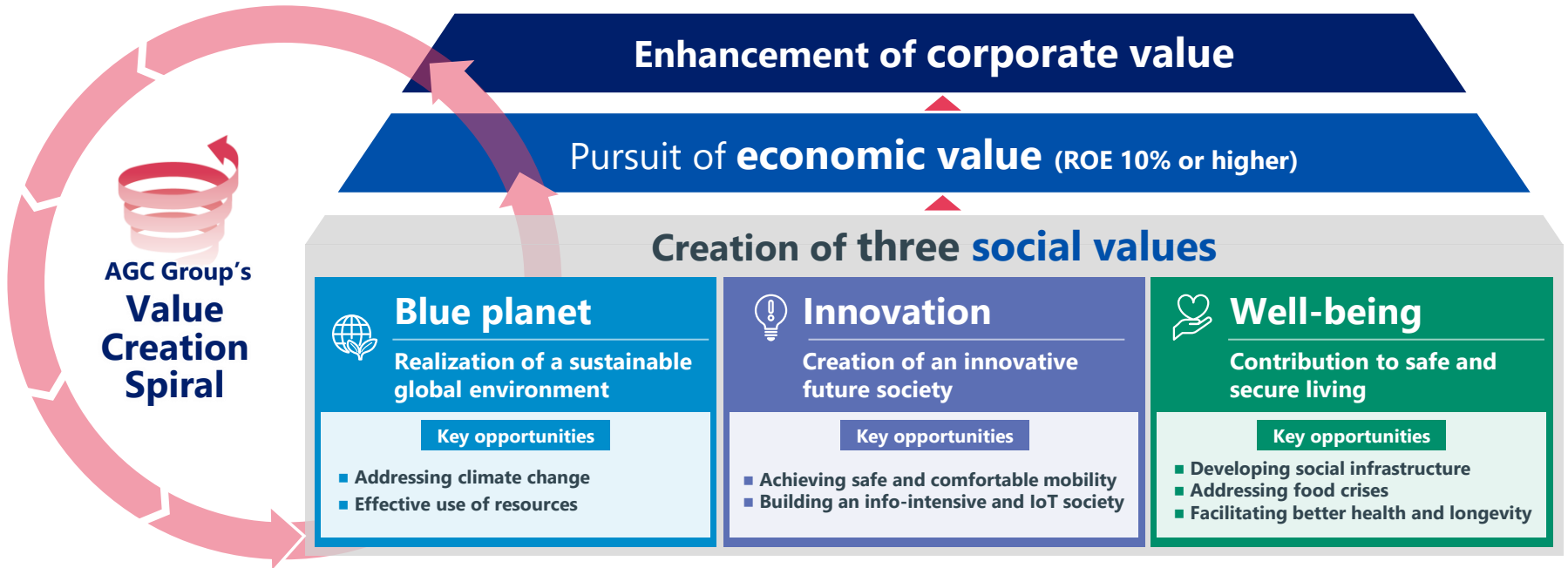
# Deepening of AGC's sustainability management: Redefining the Social Value that the AGC Group Provides

- Clarified the values AGC contributes by replacing the existing "five social values" with **"three social values"** to be created by AGC's products and technologies.

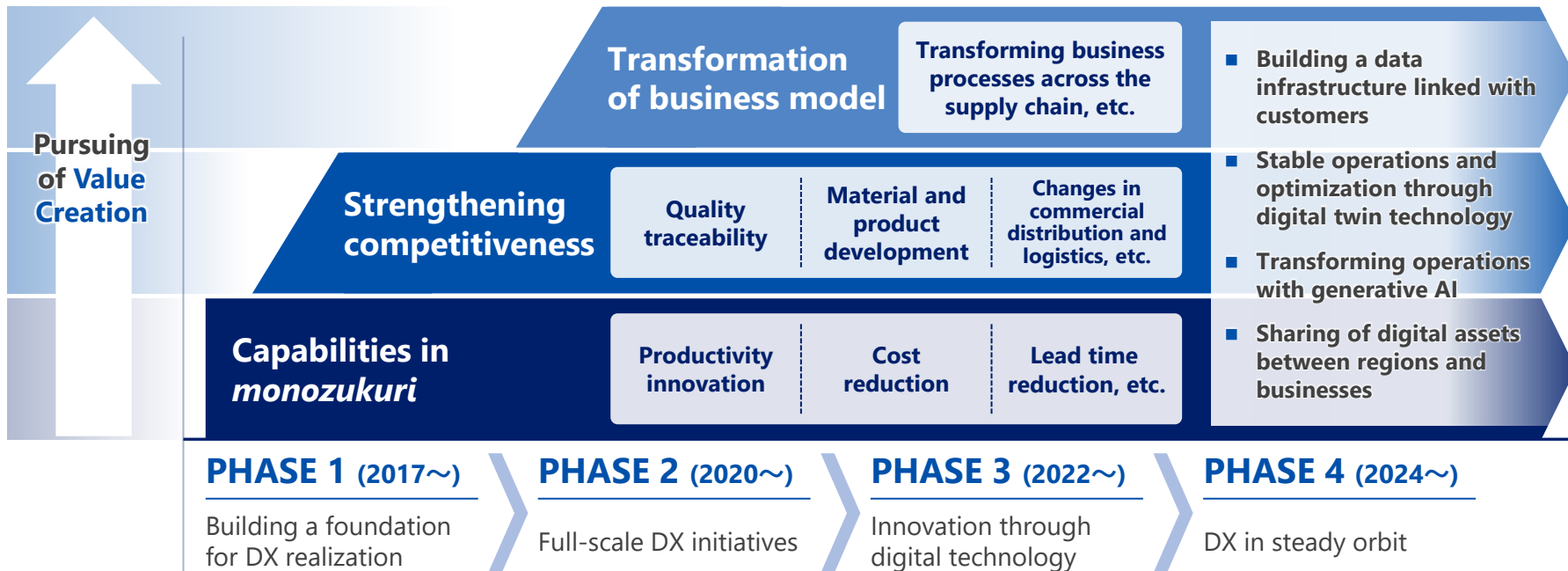


# Deepening of AGC's sustainability management: AGC Group's Value Creation Spiral

- The AGC Group will create economic value through the creation of social value to achieve a spiral of enhanced corporate value.



- We will enhance the competitiveness of each business by combining the digital technology developed since 2017 with AGC's capabilities in *monozukuri*.



# Strengthening the Management Foundation: Promoting Human Capital Management

- **We will promote human capital management for continuous corporate growth.**
- We will encourage the growth of the strengths and abilities of each of our diverse human resources, support their independent learning and growth, and encourage them to take on challenges. The sum of each individual's growth will create a strong organization with high engagement, enhance corporate value, and realize AGC's mission.

**"AGC People:  
the driver of  
our growth!"**





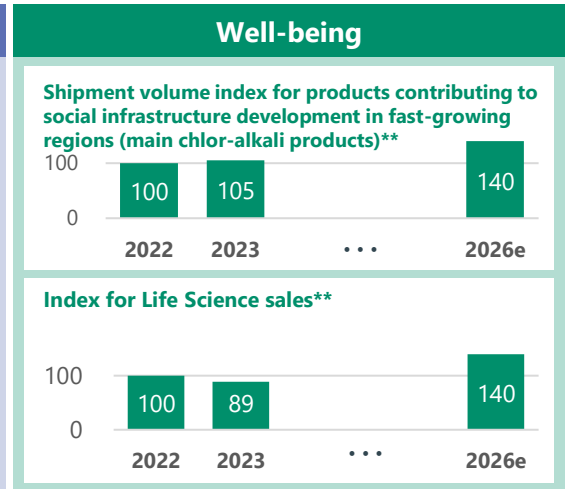
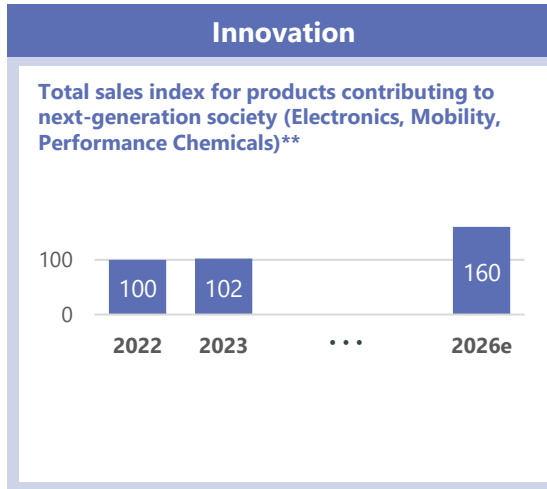
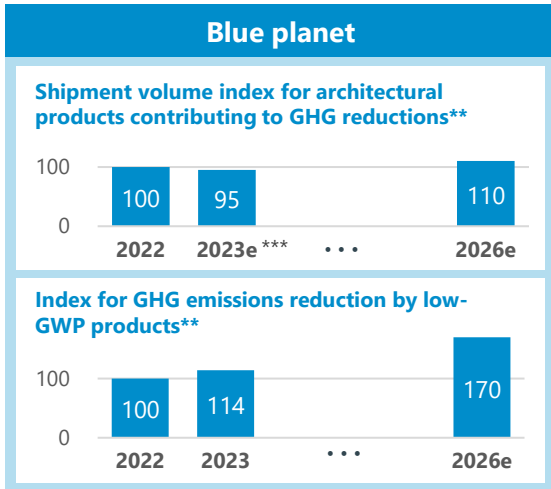
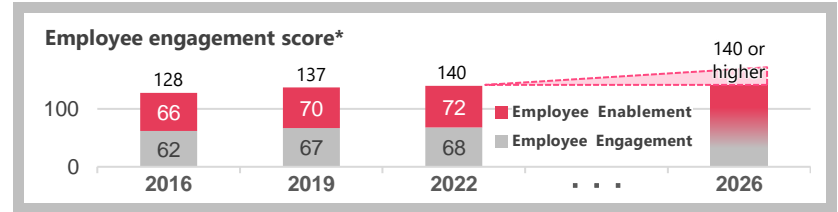
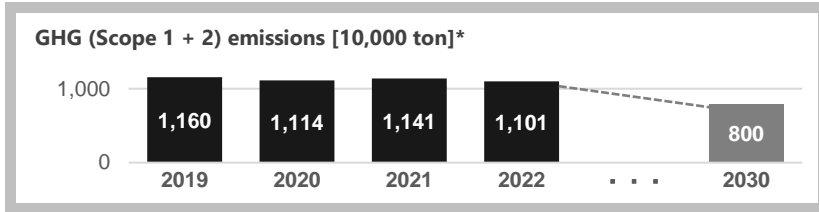
# 4. New Medium-term Management Plan Targets and KPIs for ***AGC plus-2026***

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# New Medium-term Management Plan *AGC plus-2026*: Sustainability KPIs

- We will achieve sustainable growth by improving sustainability KPIs through business activities.

Sustainability KPIs



\* Items reflected in executive remuneration. However, for GHG emissions, GHG emissions per unit of GHG emissions sales are used in the calculation of executive remuneration.

\*\* Indexes: Figures converted from 2023 on using 2022 as a base of 100.

\*\*\*Tentative figures

# New Medium-term Management Plan *AGC plus-2026*: Financial KPIs

- We will continuously grow and evolve our businesses to achieve **stable ROE of 8% or higher**
- We will expand **strategic businesses** to account for the majority of **Group-wide** operating profit by 2026.

		2023 (Actual)	2024 (Estimate)	2026	2030	2050
Financial KPIs	OP	128.8 billion yen	150.0 billion yen	<b>230.0</b> billion yen	<b>300.0</b> billion yen or higher	
	Strategic Business OP	56.8 billion yen	80.0 billion yen	<b>130.0</b> billion yen	<b>190.0</b> billion yen or higher	
	EBITDA*	304.1 billion yen	335.0 billion yen	440.0 billion yen		
	ROE	4.6%	3.7%	8% or higher	10% or higher	
	D/E Ratio	0.42		0.5 or less		

\* EBITDA = Operating profit + Depreciation

## AGC Group's Brand Statement

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Never take the easy way out, but confront difficulties  
Trust is the best way to inspire people  
Strive to develop technologies that will change the world  
A sense of mission leads us to advance

For more than a century, AGC has been guided by these founding spirits. Our unique materials, solutions and reliable partnerships have facilitated leading innovations across diverse industries and markets.

Today, by working with others to combine knowledge and advanced technology, we help make ever greater achievements possible, and bring bolder ideas to life

The background of the slide features a silhouette of two climbers on a rocky peak against a sunset sky. One climber is standing on the peak, while the other is climbing up. The sky transitions from a deep blue at the top to a bright orange and yellow near the horizon. The overall mood is one of challenge and achievement.

# Your Dreams, Our Challenge

# Appendix

**1**

## Improve and stabilize ROE

(First, to the 8% level during the term of the new medium-term management plan)

1. Accelerate portfolio transformation through "ambidextrous strategy"
2. Carefully select investments and implement structural reforms at an early stage
3. Continuously improve asset efficiency, including the sale of cross-shareholdings

**2**

## Improve PER

(Realize growth expectations through portfolio transformation)

1. Achieve steady growth in strategic businesses
2. Accelerate structural reforms in core businesses

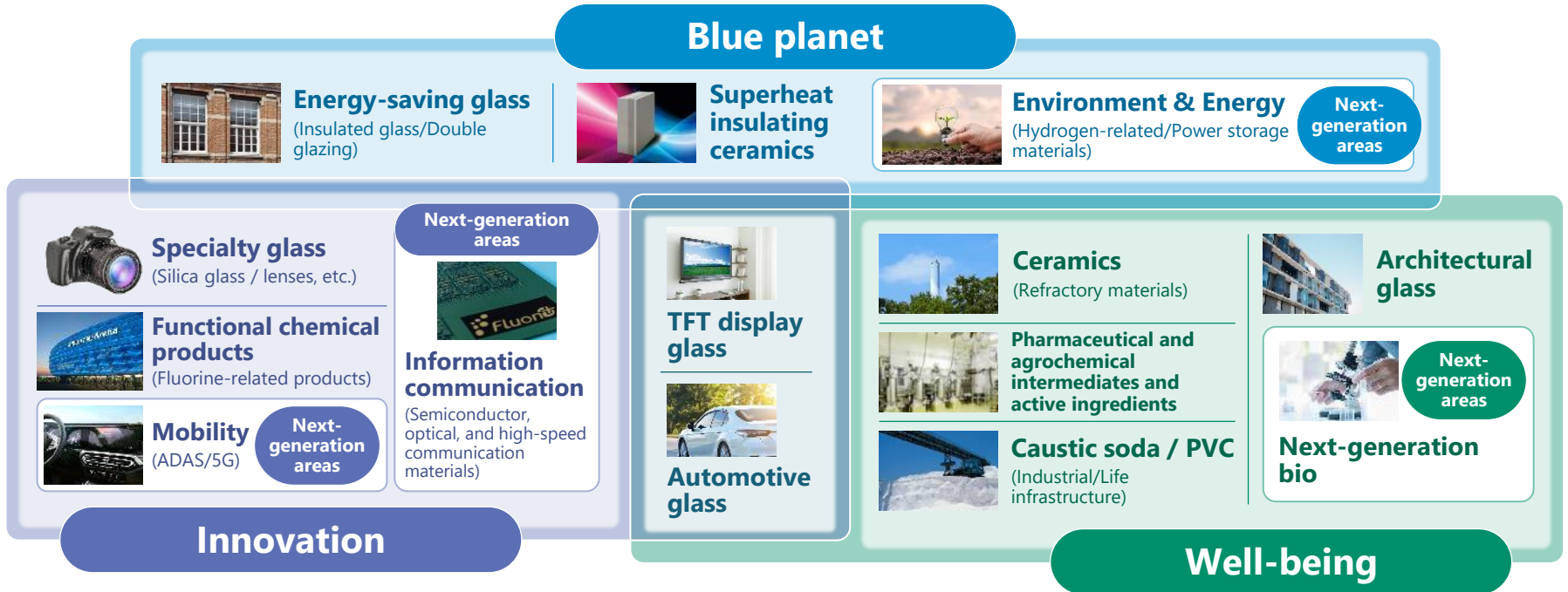
**3**

Strengthen the management foundation to support transformation and approach to capital markets

1. Strengthen governance and further pursue sustainability management
2. Implement appropriate shareholder return measures

# Social Value Provided by the AGC Group

- To date, AGC has expanded its business and created social value by contributing to the development of society and industry.



# Initiatives to Reduce GHG Emissions

## Systems / Initiatives / Results

### 2001

- Formulates AGC Group Environmental Policy

### 2002

- Formulates AGC Group vision "Look Beyond"

### 2005

- Adopts ICP in Europe
- Establishes CSR Committee

### 2014

- Sets target to reduce CO<sub>2</sub> emissions six-fold in 2020

### 2019

- Endorses TCFD recommendations

### 2021

- Sets GHG reduction targets for Scope 1 and 2
- Establishes Sustainability Committee

### 2022

- Introduces ICP at AGC Group-wide
- Sets GHG reduction targets for Scope 3
- Obtains SBT certification
- Selected for CDP's A list for climate change

### 2022

- Purchases renewable energy certificates in Indonesia

### 2023

- Starts joint development with Saint Gobain to reduce CO<sub>2</sub> emissions
- Successfully tests hydrogen combustion

## 2024–2026 Investment plan

- Investment to expand sales of products that contribute to reducing GHG emissions:

**30.0 billion yen  
or more**

- Investments aimed at reducing AGC Group GHG emissions:

**50.0 billion yen  
or more**

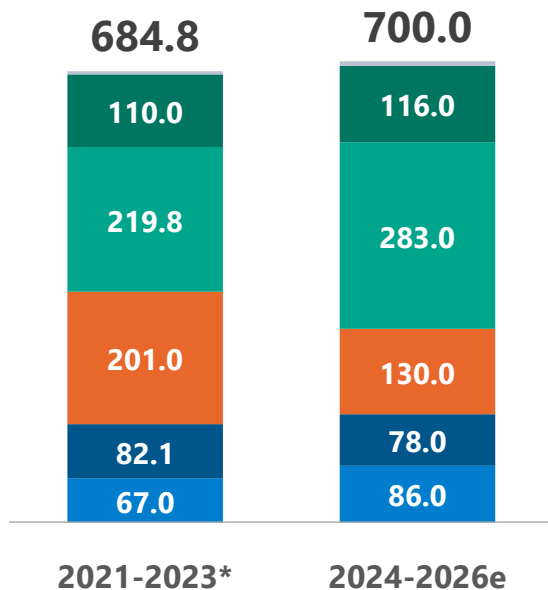
## Examples of measures

**Aiming for net zero carbon in 2050**

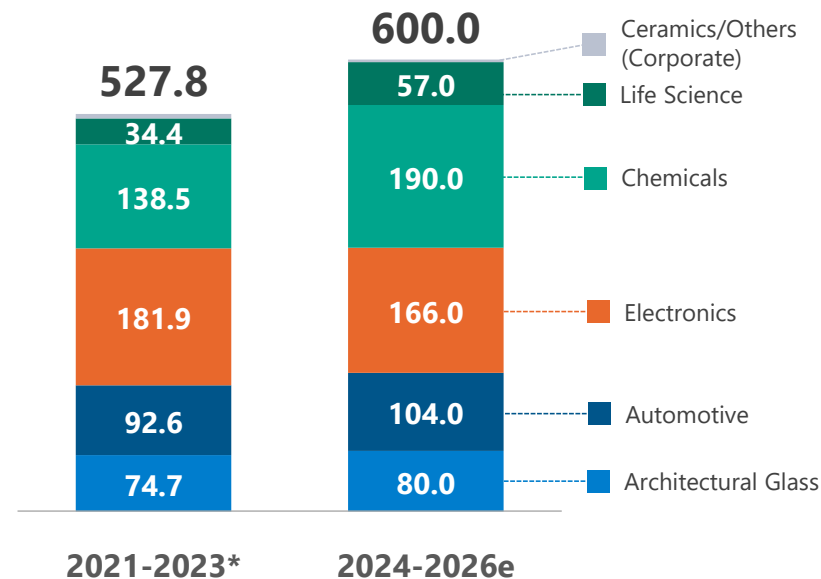


# AGC plus-2026 CAPEX and Depreciation & Amortization

## CAPEX (Billion yen)



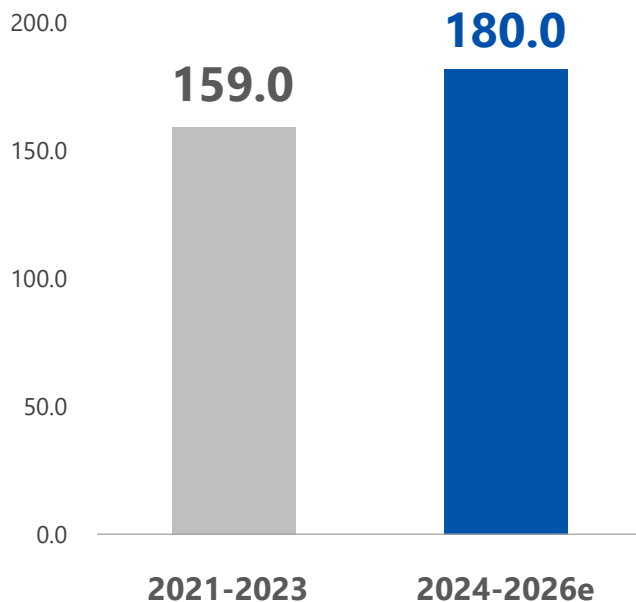
## Depreciation & amortization (Billion yen)



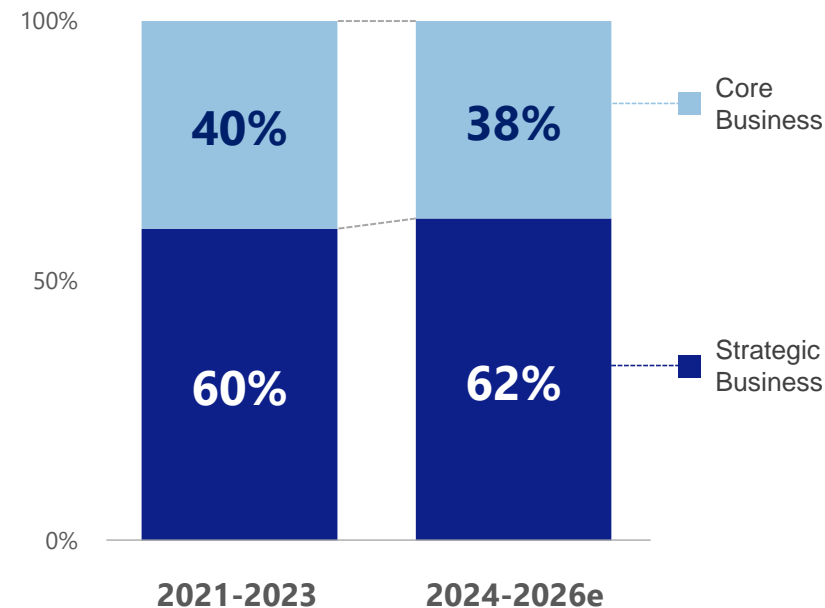
\* Breakdowns of each segment in 2021 are shown as calculated for reference only.

# AGC plus-2026 R&D Expenses

R&D expenses\* (Billion yen)



R&D expense ratio (%)



\* Breakdowns of each segment in 2021 are shown as calculated for reference only.

## Disclaimer:

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