



AGC Inc.

IR Day 2022 <Day 1> Second Half

June 13, 2022

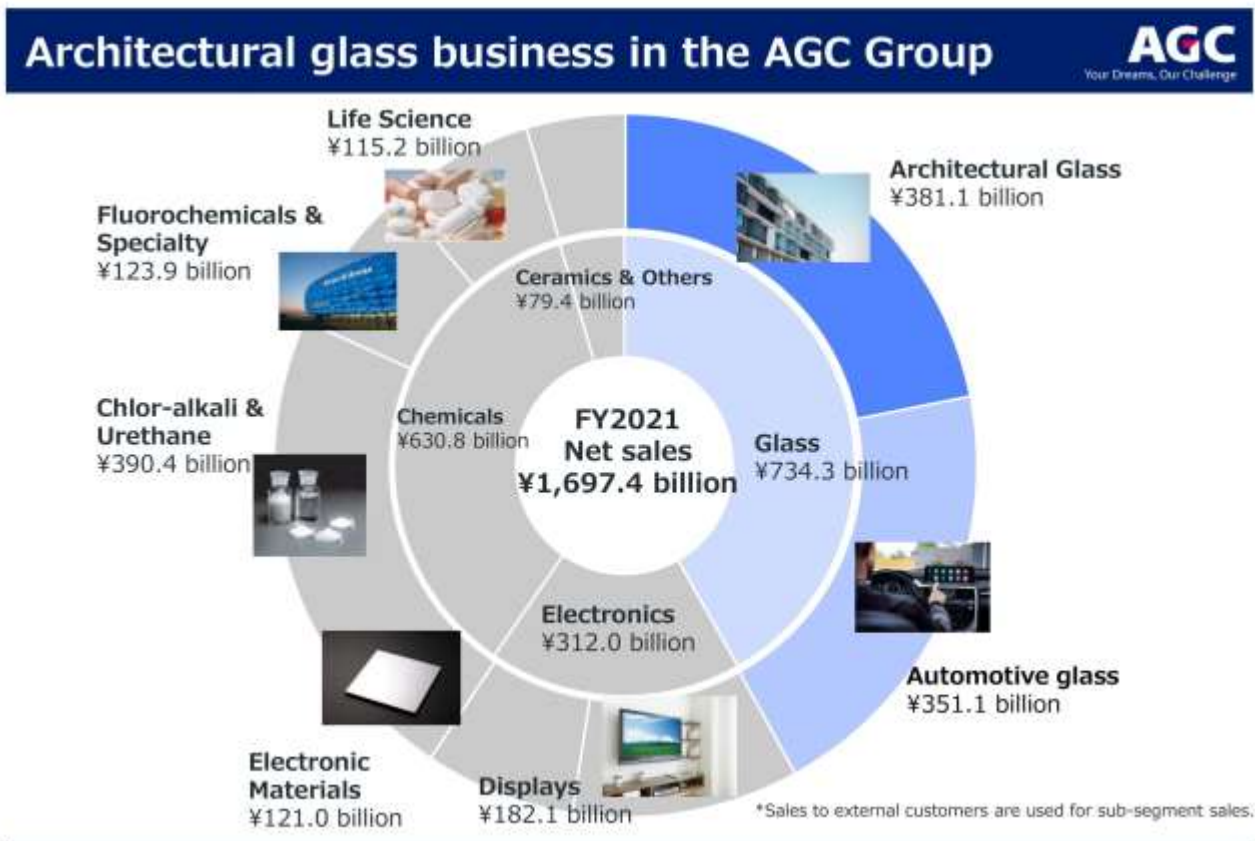
Event Summary

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| [Company Name] | AGC Inc. |
| [Company ID] | 5201-QCODE |
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| [Venue] | Webcast |
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| [Participants] | |
| [Number of Speakers] | 1 Davide Cappellino President of Architectural Glass, Europe and Americas Company |

Presentation

Moderator: Ladies and gentlemen, it's time to resume the session. Architectural Glass, Europe and Americas company, Company President Mr. Davide Cappellino will explain. Now over to you, Davide.

Cappellino*: Hello, everyone. Thank you very much for joining this session. Now I will explain to you about the strategy and the business of Architectural Glass, Europe and Americas. I will go through a business overview. We will then see how we are contributing to the strategy of ATC Group, and then we will focus on our strategy and the strong points that we have in our business markets.



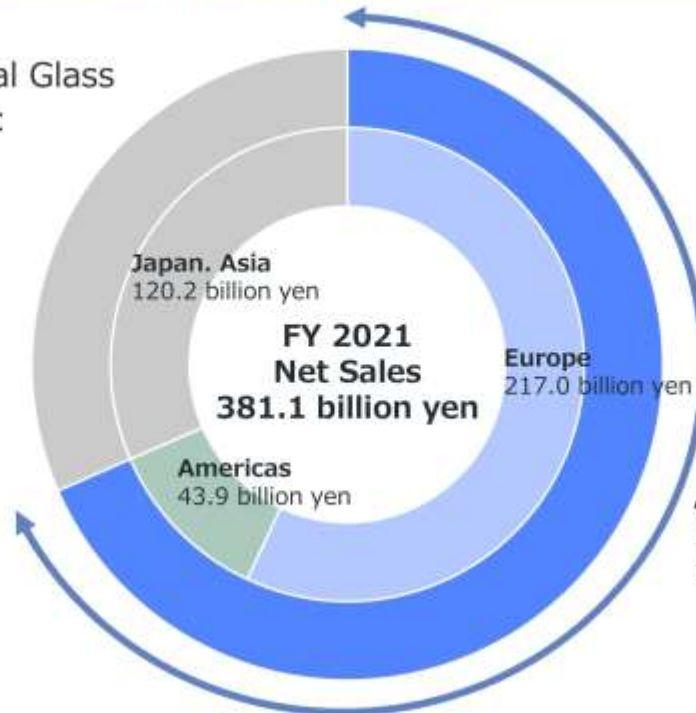
As my colleagues already shared before me, you can see here the portfolio of businesses of AGC.

You see that Glass represents almost 50% of our total sales in 2021.

Architectural Glass is about 1/4 of total sales.

Europe & Americas operation in the Architectural glass business

Architectural Glass
Asia Pacific
Company



Architectural Glass
Europe & Americas
Company
261 billion yen
*Including AGC Soda sales

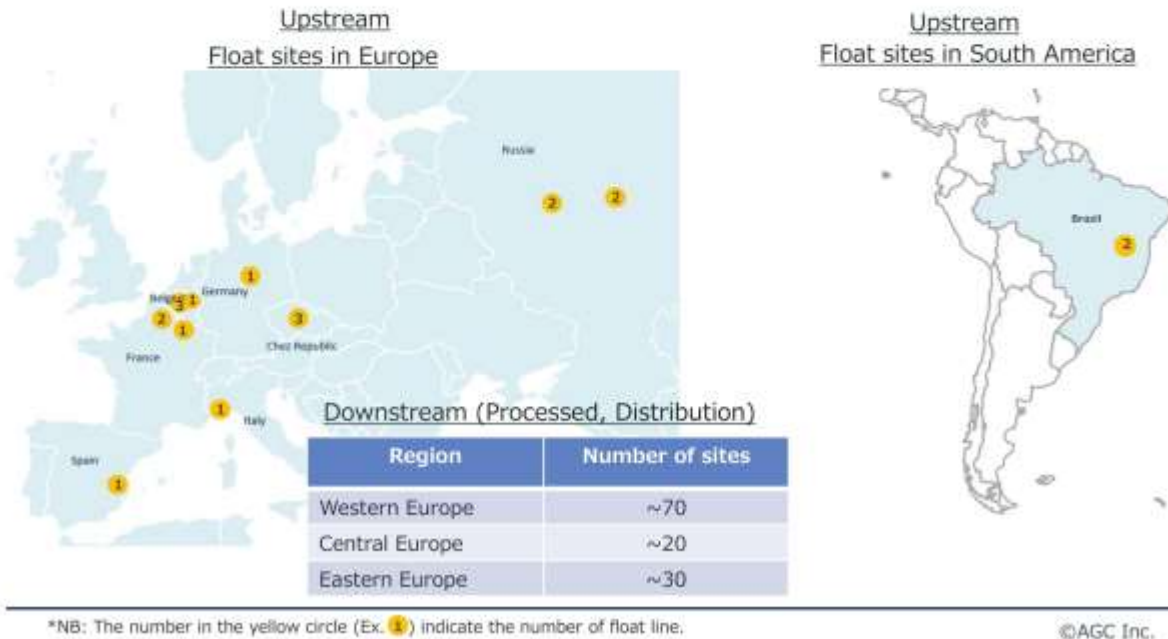
If we drill down in Architectural Glass, we see that about 1/3 of the sales took place in Japan/Asia and about 2/3 are taking place in Europe and in the Americas.

In 2021, we have been posting sales of JPY261 billion, about EUR2 billion.

Geographical coverage

- Architectural Glass Europe and Americas Company covers Europe and South America.

Number of sites in each region



What is the footprint of AGC, Architectural Glass, Europe and Americas?

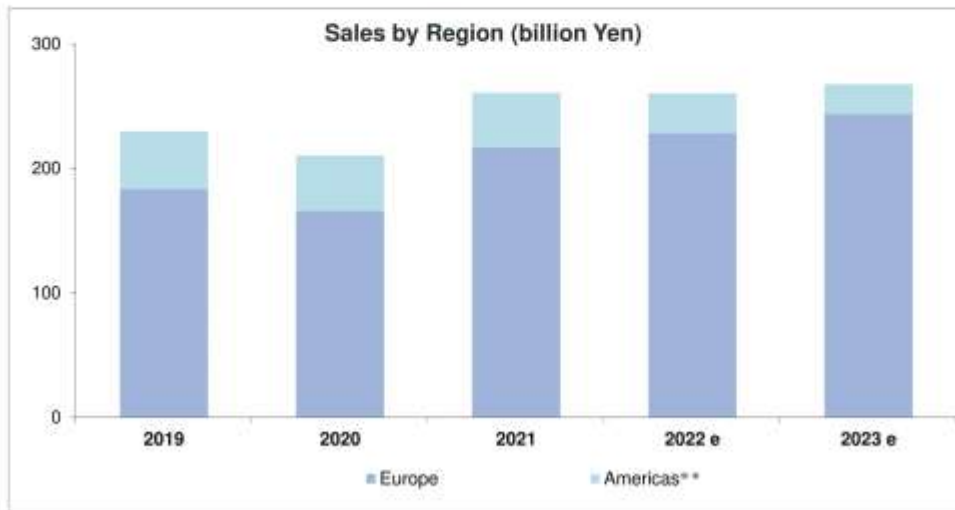
On the left side of this chart, you can see Europe. The yellow dots are representing our upstream plants where we produce glass and melting raw materials and building large quantities of glass. The number that you see in every yellow spot is representing the number of float furnaces. Every float furnace is producing from 600 to 1,000 tons of glass per day. And so, you can see the distribution of our capacity.

On the table at the bottom, you can see the numbers related to our downstream operations. On top of the production of float glass in the yellow spots that you see, we have a very wide network of more than 100 plants in Europe that are covering glass processing, transforming the basic shifts of glass into double glazing, triple glazing for installation in windows and houses, or distribution, which are distribution points that are allowing us to reach very deep in the market to consumers or small businesses.

On the right side of the slide, you see our presence in South America. In South America, we have one plant located in Brazil, and it includes two furnaces.

Sales trends by region

- Shipment recovered from the COVID-19 impact and remained steady.
- Demand in Europe and South America is expected to grow in the future.
- Completed the transfer of the North American business in 2021
- Completed the sale of AGC Soda* interest in the Solvay Soda Ash JV



*Soda ash sales subsidiary in the USA

**America includes NA, SA and AGC Soda.

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Let's look now at the sales distribution by region. This is the evolution of sales.

You see in the dark-blue bar the sales in Europe and in the light-blue bar the sales in the Americas.

What can we observe?

We can observe a steady growth of sales expected in Europe after the crisis of 2020 due to COVID-19. As you can see, sales have been rebounding strongly in 2021, and we expect sales to continue with a good growth trend for the years to come.

On the light-blue part, on the other hand, you see shrinking sales. This is due to some changes of perimeter.

As some of you might remember, last year, AGC decided to sell the architectural glass operations in North America. This sale has been executed in 2021, but some related businesses have been sold only in 2022. For this reason, you see a change of sales scale between 2021 and 2023. From 2023 on, basically, the sales in the Americas are mostly related to South America.



How are we contributing to AGC strategy?

Our ambition is the ambition that you see on this slide: we lead the way for a better world. I will come back on this later, and I will explain why we want to lead the way in our industry and build a better world.

Our objective is to build and show a solid return for our shareholders, generating economic value with return on capital employed of at least 10%.

As a reference, 2021, which was a very successful year in terms of financial performance, a return of capital employed of 22.9%; and also, for 2020, we have expectations of being above 10% in terms of return on capital employed.

| | Business | Key issues |
|---------------|---|--|
| 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 |
| | 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 |
| | Architectural glass Automotive glass | <ul style="list-style-type: none"> Structural reforms toward the industrial realignment Optimize investments and streamline production to increase asset efficiency Steadily pursuing productivity improvement and cost reduction to improve profitability and capability for cash generation |

Break down to Our goal

| | |
|--|---|
| Architectural Glass Europe & Americas | Be the long-term stable source of earnings by increasing competitiveness in our core markets |
|--|---|

But we also certainly want to contribute to the society and to all the stakeholders by addressing social values, as already explained by Miyaji-san and by my colleagues before me.

Miyaji-san showed before me the strategy addressing the various businesses. The strategy of AGC on the Architectural Glass and Automotive Glass has been pointing at structural reforms to make sure that we can be playing a leading position in each of our markets.

And, I just mentioned the exit from the North American market, which is the practical application of these structural reforms that took place in the past couple of years.

We also want to utilize very widely our investment capabilities and the CapEx to make sure that we can increase our asset efficiency, and we want to focus all the efforts on improvement of our profitability and steady cash generation to make the financials of our company stronger and to generate value for our shareholders.

Our mission is very clear and is what is written in the bottom part of the slide. We want to be a long-term stable source of earnings for the Company and for the shareholders, making sure that we increase our competitiveness in our core markets.

Market environment in Europe

- Less impacted by economic cycles and enjoying a growth of $\approx 2\%/y$
- EU's Recovery and Resilience Facility (RRF: €672.5 billion) will boost renovation through national plans including "Energy efficiency and building renovation".



Let's see the market environment that we are facing today. Let's start from Europe.

Here, you see in the bottom left chart, the evolution of glass demand in Western and Central Europe in the past few years. You saw a good trend of demand that was then interrupted, obviously, by a big COVID-19 crisis, but then a solid rebound. We expect demand of glass in Europe to continue with a positive trend for the years to come.

Why do we say so? Because we see in Europe, an extremely strong trend of renovation. The stock of buildings in Europe is relatively old. Many buildings are maybe 40 years or 50 years old, and we see that the major driver of glass consumption in Europe is related to the renovation of the existing buildings.

You see in the pie charts on the right, that in the world in 2021, we expect that only 1/3 of glass consumption was coming from renovation, while 2/3 was coming from new construction.

In Western Europe, it's the other way around. We see that 2/3 of demand are coming from renovation of existing buildings, while only 1/3 is coming from new constructions.

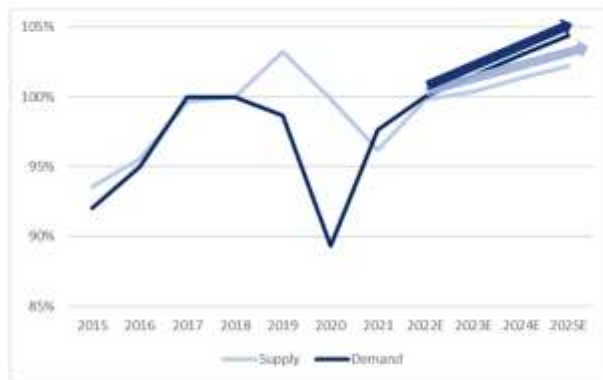
In the right-bottom chart, so you see the expected evolution of demand of renovation growing in the next years.

Market structure change in Europe

- The supply & demand balance in Western and Central Europe recovered to the well-balanced 2018 level.
- The selling prices also increased following the supply and demand balance improvement.
- Increases in supply are contained by the high capital cost and the GHG concerns.

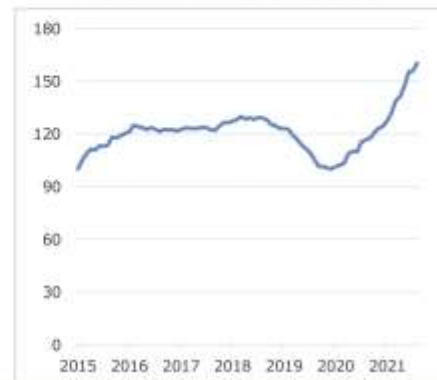
Supply & demand balance

(FY2018 benchmarked as 100)



German Flat Glass Price Index *

(FY2015 benchmarked as 100)



* based on figures from Bloomberg

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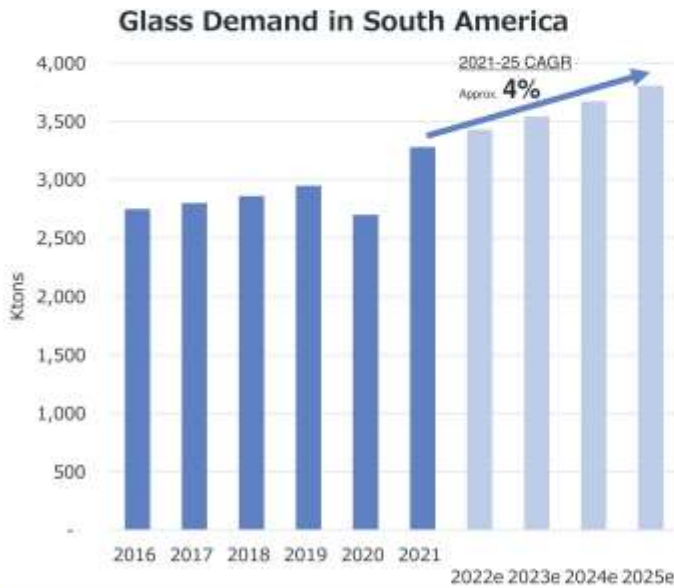
We often talk about demand, but capacity is obviously very important in our business because profitability is very much driven by the balance between capacity and demand.

We expect in Europe for the years to come to have a quite balanced capacity demand situation. There are no investments planned in Western or Central Europe for the years to come to increase capacity.

We expect, also, that the regulations that are being put in place in Europe about carbon emissions will create an additional barrier, so probably making less likely that there will be investment in capacity in this region for the next years.

Market environment in South America

- In South America, the market is expected to expand in line with economic growth.
- By high presence in South America, capture market expansion



<AGC Glass Brazil>

Recognized as the best glass player in terms of quality and service in Brazil.

- Founded in 2012
- Facility: 2 float lines, 1 coater line, 1 mirror line

Let's have a look at South America, which is another important market for our company.

In South America, we expect the demand to keep on growing in the long term. It's a growing society, growing population, and also growing quality of life and spending capacity of Brazilian and South American people. We expect that demand will keep on growing.

We are very well placed in Brazil to capture this demand because AGC is an important player. We have a very strong value proposition, and we are recognized by the customers for our quality and reliability.

And so, we have a positive forecast about our presence in South America.

WE LEAD THE WAY FOR A BETTER WORLD

BE THE BEST PLAYER IN OUR CORE BUSINESSES

We will focus resources, innovate, and build the best supply chain to become the most reliable and the most profitable player in each of our markets.

INTEGRATED VALUE CHAIN APPROACH

We will continue optimizing our upstream/downstream approach in every market to maximize profitability and resilience.

QUICK INNOVATION, WITH A PURPOSE

We will improve speed and efficiency of innovation on products, business models and processes. We will focus innovation efforts where we can be winners.

LEADER IN SUSTAINABILITY

We will be the leader in our industry in the transformation of markets and technologies driven by sustainability.

BUSINESS EXCELLENCE AND WINNING CULTURE

We will establish a culture of challenge, courage and obsession with continuous improvement.

Let's move to our strategy.

I mentioned that our ambition is to lead the way for a better world.

AGC is a leading player in all the markets where we operate in our company. We want to take the responsibility of our leadership position now that we are in a crucial historical transition towards new technologies and new regulations, and that we will see deep changes in the glass industry.

Especially in Europe, the legislation will push the glass industry to move towards different technologies, different ways of producing glass, and we are certainly well placed to be a leading player into this change.

We want to contribute to building indeed a better society, thanks to our technologies. I will explain it in a few minutes. But we want also to take a leadership position recognized by our shareholders because our ambition is to be the most profitable player in each of our markets.

Our strength to support our strategy

Our strategy



This strategy is based on five pillars that you see below.

We will be focusing our resources effort and also spending capabilities on our core businesses, on the core businesses where we can really make a difference. In the past years, we have been learning a lot about the value chain of glass in Europe, and now we will focus our efforts where we can really make a difference and be the most profitable player into our markets.

We will continue with the strategy of integrated value chain. We have a specific slide in the next minutes. I already mentioned that we have a very wide network of downstream operations in many European countries. This is providing more profitability and more resilience because we can indeed have closer access to the markets, and we can better manage further the pricing in the value chain and assuring captive demand for our upstream activities.

We want to keep on focusing efforts and resources on innovation, which remains one of our reasons to be and one of our key differentiators in this market. We want to improve the speed of innovation so that we can really bring to the market in a quicker way, the result of our innovation activity, once again, focusing efforts where we can be winners, where we can leverage the capabilities of AGC and give unique value proposition to our customers.

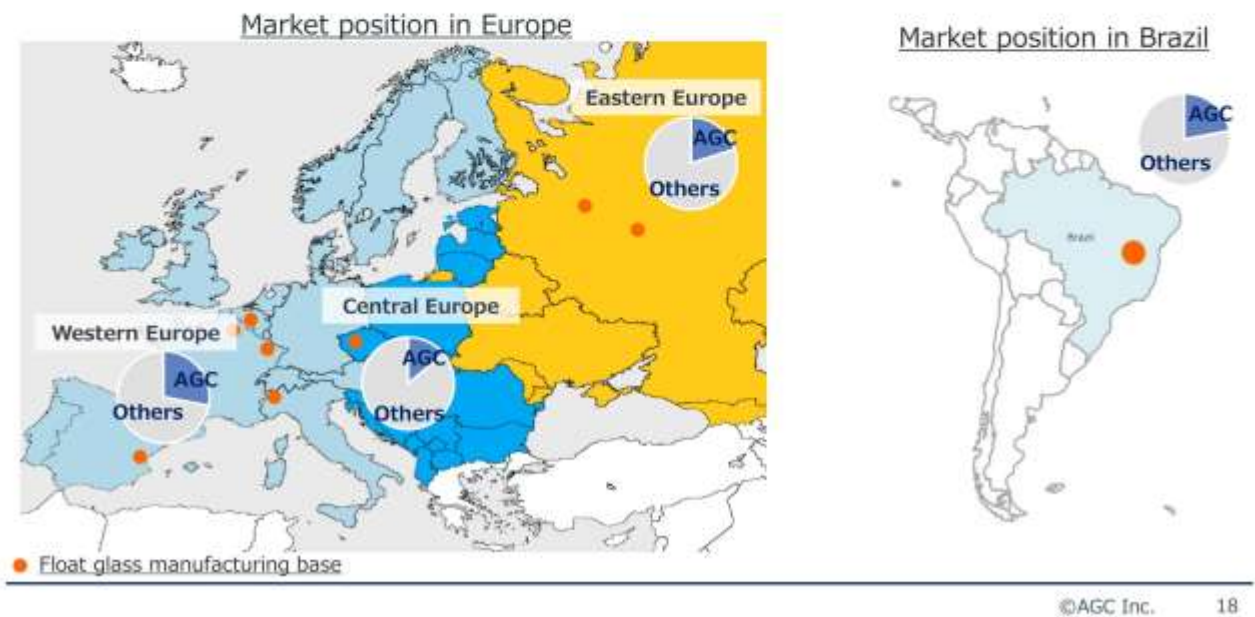
As I mentioned, we want to be a leader in the sustainability. AGC is extremely well placed to take this leading position. We are the only player in the market which is active in several segments of glass. We have activities in operation in Architectural Glass, Automotive Glass, Display, and Electronics.

By combining all these competencies, we can really be leaders in this industry transformation, building stronger barriers vis-à-vis our competitors.

And then, we will keep on leveraging the strong culture of AGC and so to build an ever stronger winning culture and business excellence for focusing on our people that, as always, make the difference in the success of companies.

Multinational reach with Local deployment **AGC** Your Dreams. Our Challenge

- Deploy operations in regions where we can win while demonstrating synergy globally
- This regional diversification reduces the risk of demand fluctuations by counterbalancing economic cycles between regions.



This slide is linking our strategy to the strength that we have vis-à-vis the competitors in our markets. I will go one by one to share with you some of the strong points and differentiation points that we have in our markets vis-à-vis the competitors.

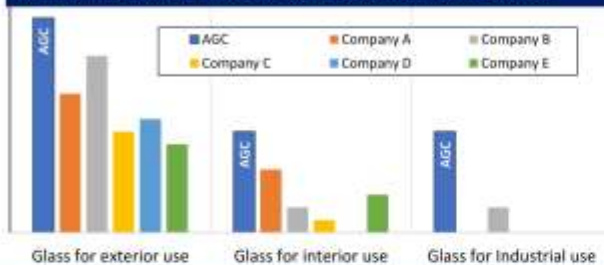
First of all, AGC is one of the players with the widest geographic presence in the geographic scope of our company. Even if we are a global company, with global competencies that we exchange efficiently and so across our businesses and our regions, we have very deep roots in our markets. We are very close to our markets. We have local operations, always run by local people from the country and from the region, so that we can go deep in the market and make sure that we serve the customers well.

You can see that, geographically, we can identify four subregions in our market, so Western Europe, Central Europe, Eastern Europe, and South America. In each of them, we are a leading player, number one or number two. Being present in four subregions, the different economic cycles, and different stages in the evolution of society, is allowing us to be more resilient because we can somehow counterbalance cycles of the economy that are not necessarily the same in all these subregions.

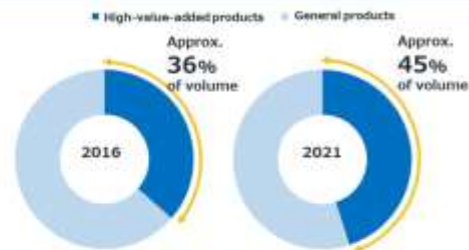
Best variety of product mix in the industry



Number of product lines: AGC vs other companies in Europe



Trends in the ratio of AGC High-value added products sales



Thanks to AGC Technovation Center located in Belgium, and in cooperation with other AGC's Research centers globally, we develop the best variety of products which contribute to the sustainable global environment and the safe/comfortable life in the industry.

Contributing to sustainable global environment

Contributing to safe and comfortable life



Thermal insulation



Energy generation



Security



Decoration



Solar control

AGC is basing our value proposition on a very strong product range. We are actually the player in the market with the widest product range. You can see in the bottom left of the chart the position of AGC in terms of number of products for exterior use, for interior use, and for industrial applications.

Certainly, AGC is recognized as being a reliable one-stop shop to be able to supply our customers with any kind of need they might have.

This is thanks to the continuous innovation activities that we do, and also leveraging our Technovation Center, which is the largest AGC R&D center dedicated to glass, which is located in Belgium, that has been working year after year to improve our market presence in the specialties and high-value end products.

You can see on the top right in this chart the evolution of the percentage of sales of high value-added products that has been steadily increasing year after year, and just in the past few years increasing from 36% of our volume to 45% of our volume.

Value-added products are addressing all the needs of the society that you see on the bottom, from energy conservation and sustainability to quality of life and comfort for our customers.

Best variety of product mix in the industry



Contributing to the realization of safe and comfortable urban infrastructure

Contributing to sustainable global environment



FINEO™ glass = Vacuum Insulating Glass (VIG)



- Environment and Energy conservation will remain at the forefront of future product requirements.
- VIG is a double glazing which has the thermal insulation performance equivalent to triple glazing with the thickness of a single glazing. Thus, this product fits well to the “renovation” of old buildings to improve its energy efficiency.

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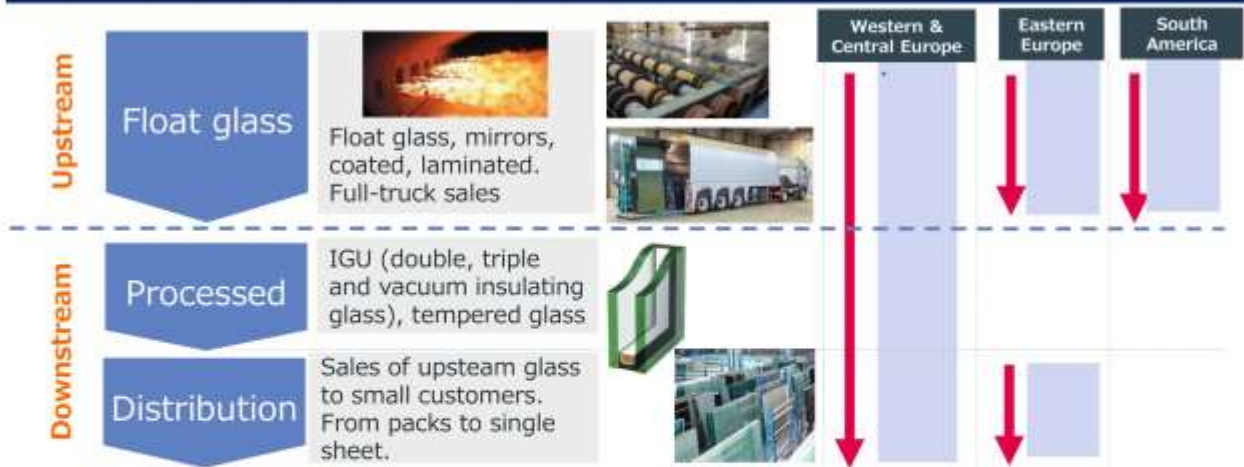
One of the examples of these advanced products in which AGC is the leader is Vacuum Insulating Glass.

This is a very unique product. It's a very, very thin double-glazing unit that has a very thin layer, less than 1 millimeter of vacuum between two glasses. This is allowing us to produce a product which is as thin as a single glazing, but as top energetic insulation performance similar to a triple-glazing.

AGC is the only player in the market with the quality and aesthetics of FINEO. We are delivering the best product in the market for sure, and we are the only player with production capacity in Europe, which is allowing us to be much better than the competition in terms of service, speed, and reliability.

A typical excellent application of these products is, for example, the renovation work of historical buildings, where the frames are maybe original and cannot be changed due to the legal restrictions of protection of the building and FINEO is allowing substitution of single-glazing with high-performance Vacuum Insulating Glass.

The most integrated value chain



- We are building robust supply chain from upstream towards downstream into different depths, from substrate manufacturing to glass distribution, depending on each market's maturity.
- Our wide range of manufacturing capabilities, from melting, forming, coating, to processing, and the proximity to customers combined with the best product mix, allow us to satisfy customers and increase our sales.

I mentioned before that AGC is the most integrated player in terms of value chain.

Depending on the market, depending on the region, and the level of evolution, let's say, of the market, so we have been deploying downstream operations that are generating captive demand for our float lines and are also making sure that we are closer to the customers and closer to the market.

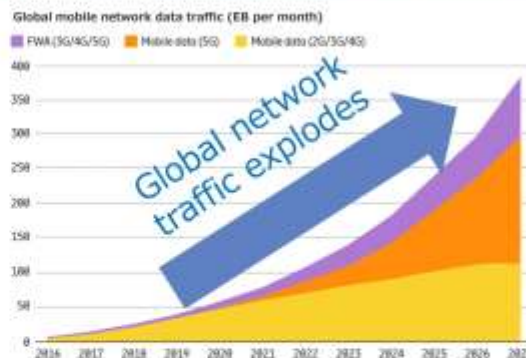
As you can see, in Western and Central Europe, we are present in the upstream in processing, so transforming basic glass into double-glazing, triple-glazing units; and in distribution.

In Eastern Europe, we are present in upstream and in distribution.

In South America, for a specific strategy for the moment, we are staying in the upstream due to the level of maturity of the market.

As I mentioned, the fact of being downstream is providing much stronger reliability and resilience of our financial performance because we can better balance the evolution of capacity demand in the upstream market.

Contributing to the realization of safe and comfortable urban infrastructure

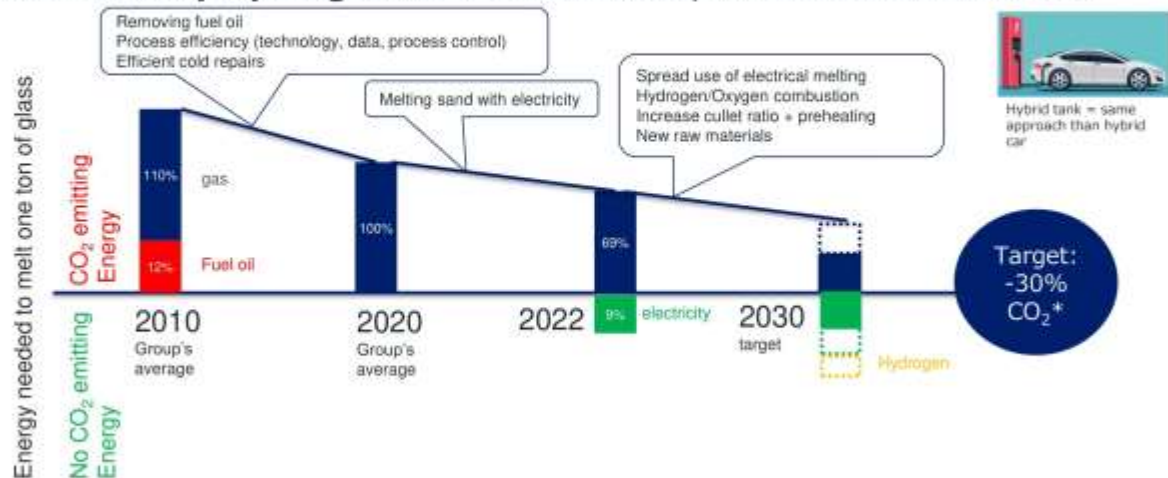


- The explosion of “global network traffic” is a good opportunity for us to contribute socially, because by treating properly the glass surfaces, window can act as “a barrier”, “a path”, or “a relay point” to transmit radio signal between inside/outside of buildings.
- **“WAVETHRU™”** after-market service can allow radio signal to go through insulating window by on-site laser treatment.

My colleague, [Yoshiba]-san, has mentioned already the big work of innovation that AGC is doing on the interaction between glass and 5G signal, or in general, radio frequency transmission. Yoshiba-san mentioned about one of the technologies, which is the active 5G antennas that can be realized on windows.

Another technology that we are deploying -- it's already commercial -- we are selling services and products to the customers is what we call the WAVETHRU, which is the capability of treating existing windows in existing buildings wherever there might be interferences between the insulating glass and 5G connection, or 4G connection. We are able to treat all base of these installed glasses to make sure that they become fully transparent to 5G signal while keeping 100% of the energy performance.

Hybrid melting: replacing natural gas by electricity on the short-term and by hydrogen on the mid-term, to melt raw materials



• We will achieve 30% reduction of CO₂ emission in 2030 by utilizing the technological savvy in AGC's other glass segments.

* Vs FY2020

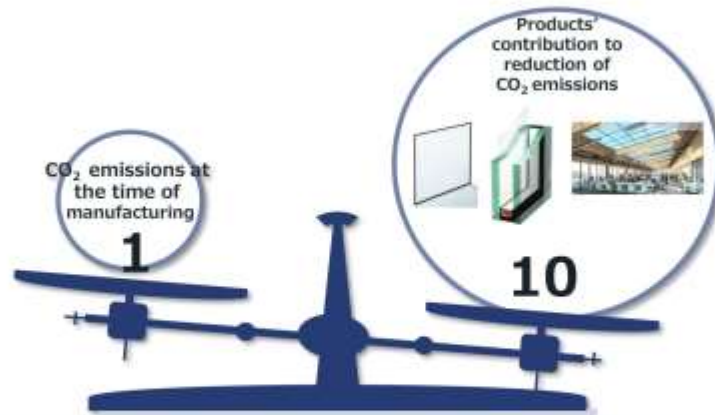
A major effort of innovation where we are focusing many resources is the evolution of technology to respond to the evolution of legislation, especially in Europe. As you know, Europe has been setting very aggressive targets on the reduction of carbon, CO₂ emission.

And so, we are leveraging now for all the competencies of AGC to take a leading position in this transition. If you see this time chart on the slide, and if we consider 100% quantity of energy that is necessary to produce 1 ton of glass in 2020, you see that AGC has been already making huge progress, with the reduction of this needed energy by more than 20% compared to 10 years ago.

We have been stopping the use of fuel oil that we were still using for some furnaces. Now all our furnaces are running natural gas and many, many actions that we put in place to optimize our energy consumption and reduced greatly in the past several years.

But now we have more challenges ahead of us. Our objective is to comply fully with the regulations and with the objective of carbon reduction of AGC. We are now installing electrical melting technologies on several of our furnaces. A typical furnace with electrical melting, as you can see under the 2022 label, an important part of energy is provided with electricity while still a part of it is provided with natural gas.

We have many actions ongoing also to further reduce the need for energy, putting in place the best technologies to optimize our process. But the final step that you see under 2030 is really to build a sort of hybrid furnace, relying on electricity but also relying on hydrogen, which is an ideal, a very clean source of energy. The European Union is making big investments to be able to generate reliable and competitive sources for hydrogen in this region.



- Developed several environmentally friendly products such as vacuum insulated glass, building integrated photovoltaic power generation glass
- Architectural glass contributes to reduction of energy consumption and CO₂ emissions during product use by 10 times* the amount of energy used and CO₂ emitted during manufacturing.

* Architectural Glass business in Europe (actual)

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When we talk about legislation and evolution of carbon emissions, glass is definitely a great solution for this kind of problem, for the reduction of CO₂, because we calculate that our products, during their lifetime, are able to save 10 times more carbon emissions than the carbon that we emit during the production, delivery, and installation of our products.

We are extremely positive about the aggressive targets that the European Union is setting for carbon reduction. Of course, those targets will give us some challenges on the technology side for the production of our glass, but certainly, there will be a very strong stimulus to utilize advanced types of glass, of which AGC is leader, and that will definitely drive good growth on market demand and also on the evolution of mix.



Safe workplace and product

- Eradicate all severe accidents
- Professionalization of business continuity plan

Leader in digital operation and technology



- Digitalization process to increase process support and efficiencies
- Factory of the future

Customers at center



People performing at their best

- New skills implementation: Digitalization, change management...
- Standardization of operations and processes

Sustainable Operations



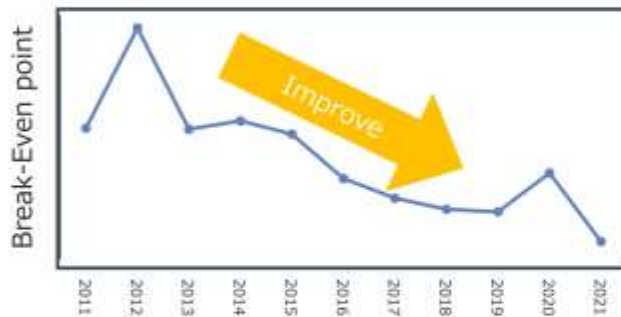
- Towards first CO₂ zero float
- Reduction of energy consumption in plant facilities and utilities

Finally, as I mentioned, people at the end, make a big difference.

Besides all the technology that we've put in place, we are continuing also to focus on our organizations. Advancing our culture, making sure that we continue with the obsession for continuous improvement, that is one of the DNA elements of AGC, so that we can continue capturing all the opportunities in the market, but at the same time, improve the efficiency of our operations to be always the most competitive player in our markets.

Thanks to the application of this mindset and thanks to the application of this continuous improvement approach, we have been improving the resilience and the financial performance of our business steadily and continuously in the past years.

Break-Even point improved by 25% in ten years



- Optimal upstream/downstream mix.
- Supply chain optimization with the creation of manufacturing hubs
- Continuous cost reduction programs
- Pricing optimization
- Lean organization
- Balanced R&D investment for new product development

- Thanks to our good execution of “business excellence”, we have continuously reduced break even point of our business.
- We will continue to execute our **business excellence** to maximize profitability and resilience, while contributing to the **sustainable global environment** through both products and production processes.

In this chart, you can have a look at the break-even point evolution.

Thanks to many, many actions of technology evolution and cost reduction, we see that our company is now much more resilient and competitive than in the past.

This is our ambition to keep on being, as I mentioned, the most competitive player and the most profitable player in each of our markets.

This concludes my presentation, and I will be very happy to answer to your questions.

Moderator: Thank you very much.