

AGC to Take Profitability Improvement Measures for its Automotive Glass Business

Tokyo, May 10, 2022—AGC (AGC Inc., Headquarters: Tokyo, President: Yoshinori Hirai) hereby announces that it has formulated measures to improve the profitability of its automotive glass business. AGC will improve the profitability and asset efficiency of the business through the revision of the pricing policies, the structural improvements centered on realigning its production structure in Europe and the sales expansion of high-performance/high value-added products.

Under the medium-term management policy **AGC plus-2023**, announced in February 2021, the Company has designated the improvements of the profitability and asset efficiency of its glass business as one of the AGC Group's priority issues. Since then, the Company has taken various measures such as the transfer of its architectural glass business in North America and the share transfer of Schott Gemtron Corporation, Solvay Soda Ash Joint Venture and Solvay Soda Ash Extension Joint Venture.

The AGC Group's automotive glass business has been facing an extremely difficult situation in terms of profitability since FY2020 due to a slump in automobile production caused by the introduction of new emission regulations, the spread of new corona virus infections, the shortage of semiconductors as well as the soaring prices of raw materials and fuel costs such as natural gas. In order to drastically improve the profitability and asset efficiency of this business, AGC has formulated the following measures to improve the profitability.

1. Revising the pricing policies

Due to the recent decrease in shipments caused by the slump in automobile production affected by the spread of new corona virus infections and the shortage of semiconductors, and the sharp rise in raw materials and fuel prices, the Group's manufacturing costs have increased significantly. In light of these circumstances, AGC will review and revise its pricing policy to ensure the continuation of the automotive glass business.

2. Realigning the production structure in Europe

AGC will work on the realignment of the production structure in Europe which is facing profitability challenges. In February 2022, AGC began considering the phased closure of the Fleurus Plant (Belgium) and Wegberg Plant (Germany) toward the end of FY2023. AGC aims to reduce the production capacity in Europe by approximately 30% from the current level by reviewing its production structure to meet the demand of the times and promoting the consolidation and closure of its production lines through the introduction of highly efficient production facilities.

3. Expanding the sales of high-performance products

The automobile industry is now undergoing a paradigm shift represented by "CASE," and a new dimension of functions, such as communication and display functions, will be required of glass in the future. AGC will seize this change as an opportunity to expand the sales of high-performance/high-value-added products, such as 5G-compatible glass antennas, windshields compatible with head-up displays and light control panoramic glass roof.

By steadily implementing these profitability improvement measures, the AGC Group aims to achieve a ROCE of 10% or more in 2025 in the automotive glass business.

<Media inquiries>

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