



AGC Inc.

IR DAY 2024 <DAY 1> Architectural Glass Asia Pacific

June 3, 2023

Event Summary

[Company Name]	AGC Inc.	
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[Event Type]	Analyst Meeting	
[Event Name]	IR DAY 2024 <DAY 1>	
[Date]	June 3, 2024	
[Venue]	Webcast	
[Number of Speakers]	2	
	Shigeki Yoshiba	Executive Officer, President of Architectural Glass Asia Pacific Company
	Chikako Ogawa	General Manager of Corporate Communications & Investor Relations Division

Presentation

Ogawa: Mr. Yoshiba, President of Architectural Glass Asia Pacific Company, will explain the business strategy of our architectural glass business in Asia. Mr. Yoshiba, please.

Yoshiba: Hello, everyone. My name is Yoshiba, President of Architectural Glass Asia Pacific Company. I would like to give you an overview of the company and its strategy.

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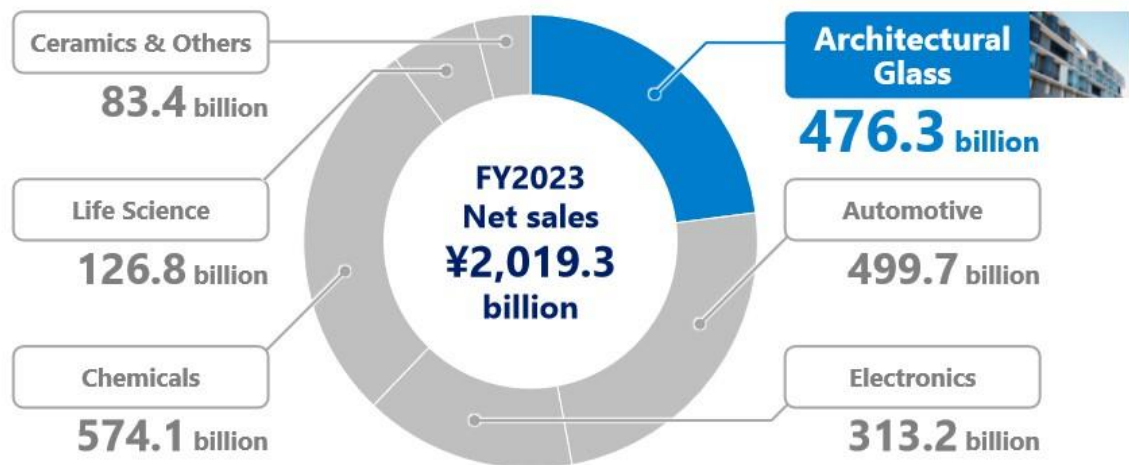


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Here is the table of contents. I will explain these details to you.

First, let me briefly touch on our architectural glass business, not only in Asia, but also globally, including Europe and the Americas. After that, I will give an overview of our business in Asia and our business strategy and targets.

Architectural Glass business in the AGC Group



※ As net sales by business are figures before eliminations of intersegment sales, the sum of net sales by business does not equal Companywide net sales.

First, let me explain the position of the architectural glass business within the AGC Group on a global basis.

Sales totaled just over JPY470 billion, about a quarter of the Company's total sales.

Architectural Glass earnings and asset efficiency trend



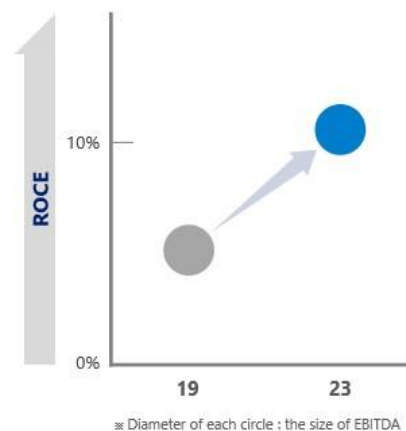
- Architectural Glass made progress in structural reforms, improving profitability and asset efficiency.

Architectural Glass net sales and operating profit trend

(billion JPY)



Change in ROCE



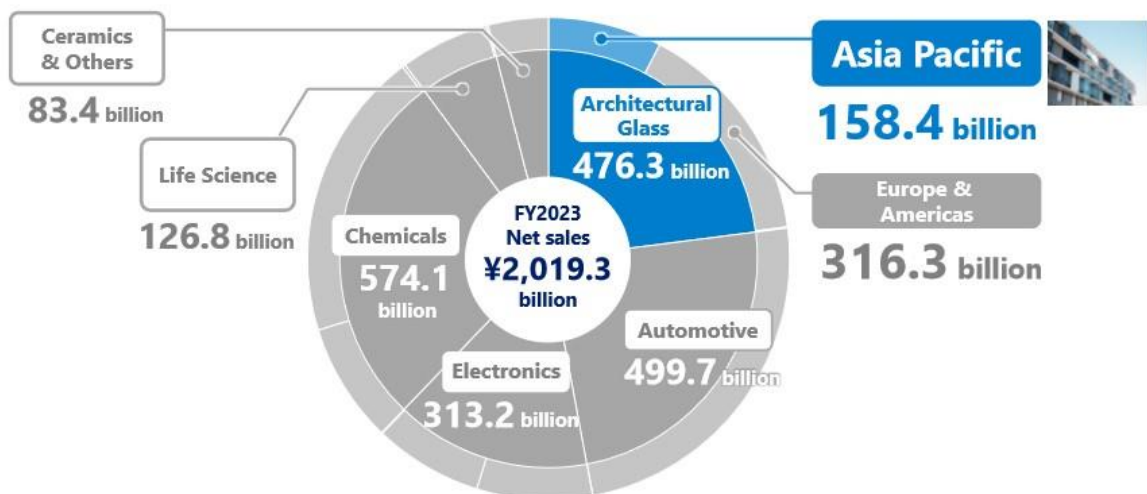
■ Diameter of each circle : the size of EBITDA

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Overall, the architectural glass business as a whole has made progress and contributed to the structural reforms that have been implemented over the past several years, resulting in improved profitability and asset efficiency over the past several years.

Architectural glass Asia Pacific business in the AGC Group

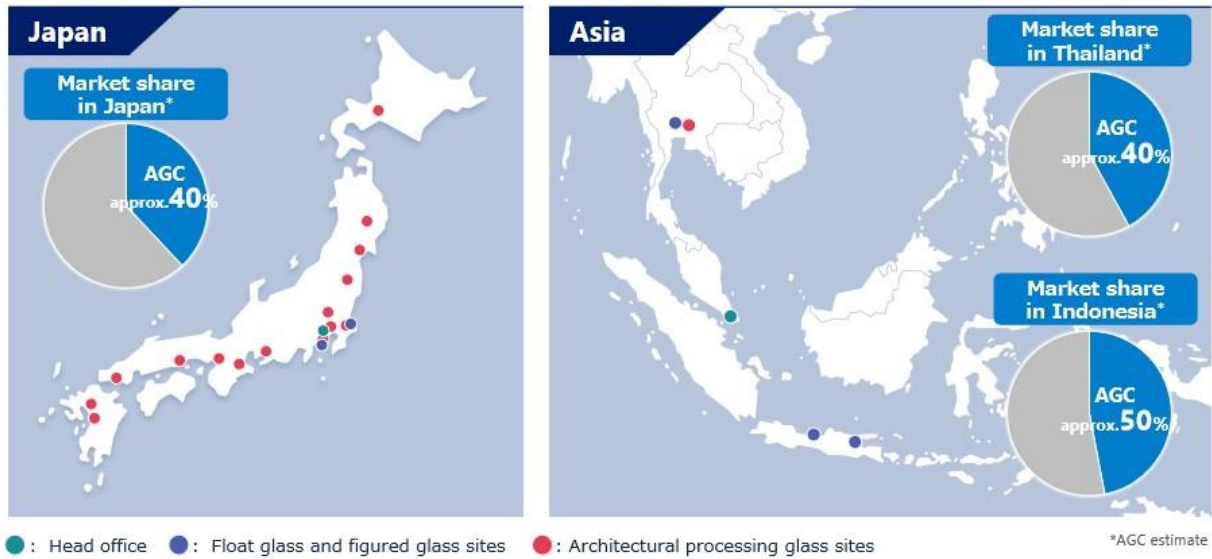


※ As net sales by business are figures before eliminations of intersegment sales, the sum of net sales by business does not equal Companywide net sales.
Sub-segment sales figures are based on sales to external customers.

Next, I would like to explain our business in Asia.

The Asian business has sales of over JPY150 billion, accounting for more than 30% of the total sales of the architectural glass business.

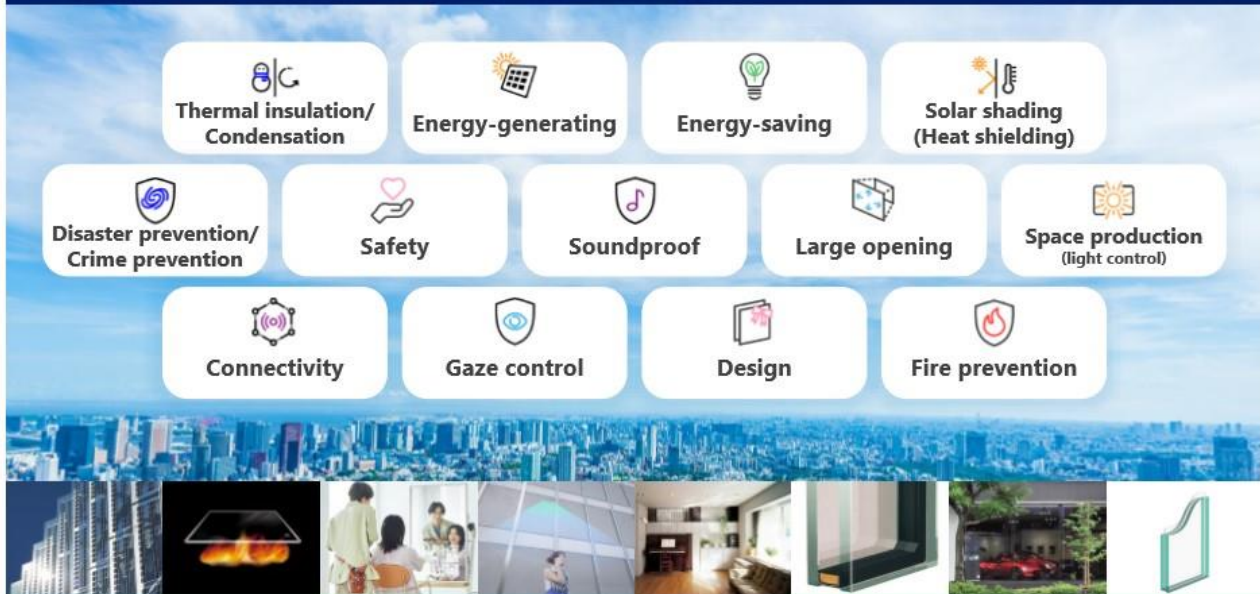
Global footprint



The regions in which we operate can be broadly divided into Japan and the rest of Asia, and we have established business headquarters in each of these regions to conduct our business.

In Asia, we have established local production bases in Indonesia and Thailand, where we are developing local businesses and exporting products manufactured there to the entire Asian region. The regional headquarters for Asia is located in Singapore.

Functions of the main products



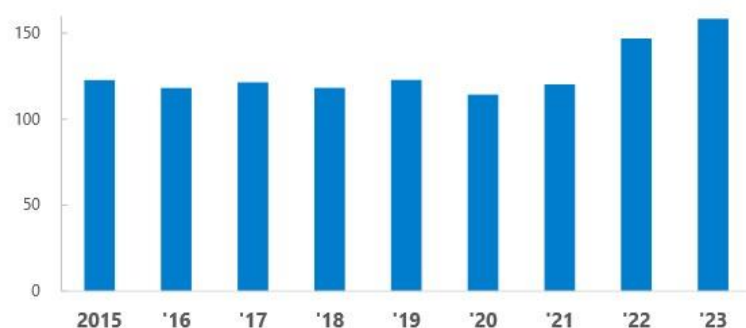
In our architectural glass products, we apply a variety of processes to the basic product, called flat glass, and add various functions, as shown here.

We are committed to creating social values that enrich people's lives through our products.

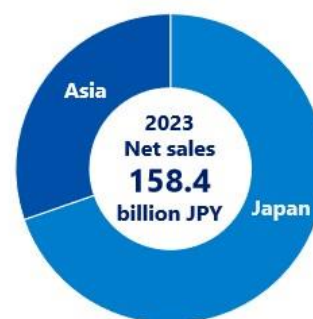
Sales trends

- In Japan, we established a stable revenue structure through structural changes in the industry as well as price revisions in response to soaring raw material and fuel prices.
- In Asia, we steadily captured market growth and achieved profitability in line with the plan.

Net sales of Architectural Glass Asia Pacific (billion JPY)



Ratio of net sales by region



Here are the most recent sales figures for our Asian operations.

As for Japan, the market environment is improving due to structural reforms in the industry. I will explain in detail later. In addition, although there was a sharp rise in raw material and fuel costs, we were able to implement price revisions and establish a stable profit structure.

On the other hand, in Asia, we have recovered from the stagnant demand caused by the COVID-19 pandemic and have been able to steadily capture the market growth that was originally expected and achieve profitability as planned.

The graph on the right shows the percentage of sales in Japan and Asia.



Mission

Glass for Quality Life

We would like to enrich people's lives, the world and society through glass while believing in the ability of glass. For a sustainable future for all people.



AGC's Strengths

1. Robust supply chain based on trust established over a long period of time

Covering the functions of the supply chain, including manufacturing, processing, sales, and installation

2. Leadership position in the product and process development ability in the world

Product development ability of advanced glass represented by energy-saving glass product lines, and process development ability for GHG emissions reduction technologies, etc.

Next, I will explain our business strategy.

First, our business mission is Glass for Quality Life. We see our mission as creating social value by realizing affluent lifestyles through the superior material of glass.

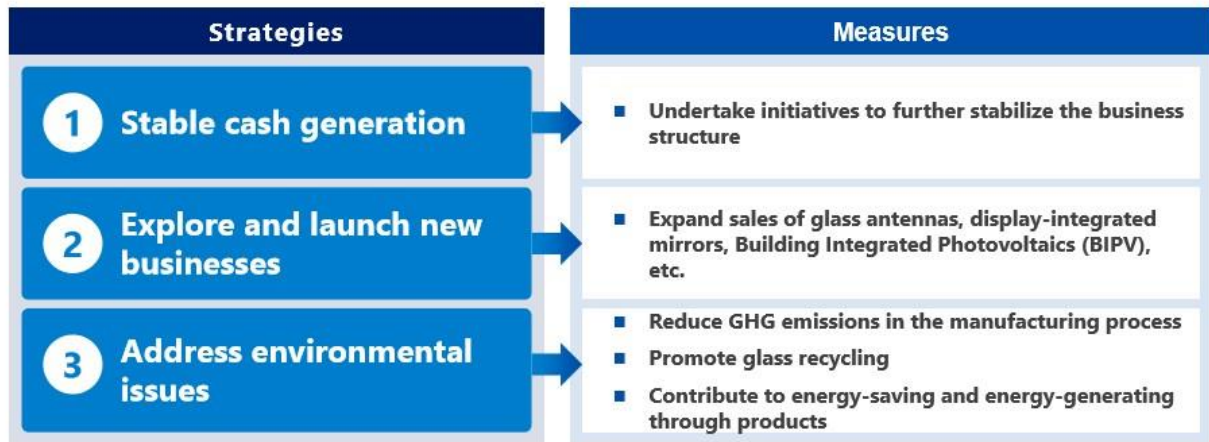
Our business has two strengths.

One is a strong supply chain rooted in the market and built up over a long period of time and the ability to develop appropriate supply chain coverage tailored to local realities and to capture added value.

In terms of technology, we have world-class product and process development capabilities. With such technological capabilities, we will promote the development of high-performance glass, such as energy-saving glass, and GHG reduction technology, which will be necessary in the future.

Strategies and Measures

- Contribute to the growth of the AGC Group and the creation of social value by generating stable earnings and cash regardless of changes in the business environment.

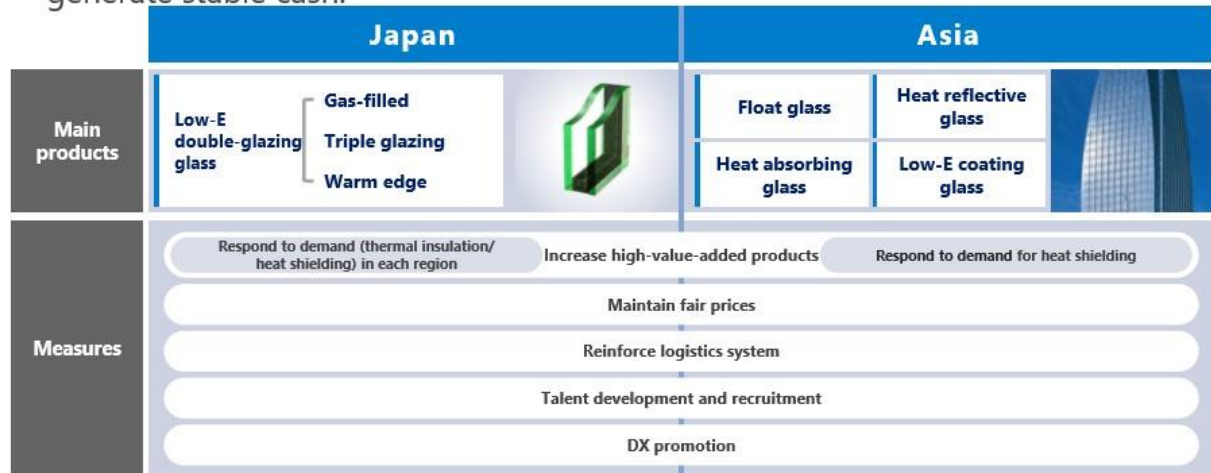


On the left side of the slide, you see three main strategies.

The three main strategies are: stable cash generation as a core business, to launch and explore new businesses, and to address environmental issues. I will explain this in more detail on the next slide.

Stable Cash Generation

- Strengthen business foundation, fortify resilience to economic volatility, and generate stable cash.



The first point is to generate cash on a stable basis.

To achieve this goal, we are developing the five measures shown at the bottom of this slide.

In particular, regarding the increase of high value-added products, which is written at the top, we will incorporate added value by developing and introducing products suited to the characteristics of each market, Japanese and Asian.

In particular, we are taking advantage of the momentum for energy conservation and are working to convert this momentum into added value.

Japan: Market Structure

- Competitors ceased furnace operations in 2020 and 2022.
- Supply/demand balance in Japan has improved significantly since the competitors shut down their furnaces.

Supply/demand of float flat glass

(AGC estimate)



* Number of float furnaces in Japan including other companies (AGC estimate)

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Let me briefly explain the structure of the market in Japan.

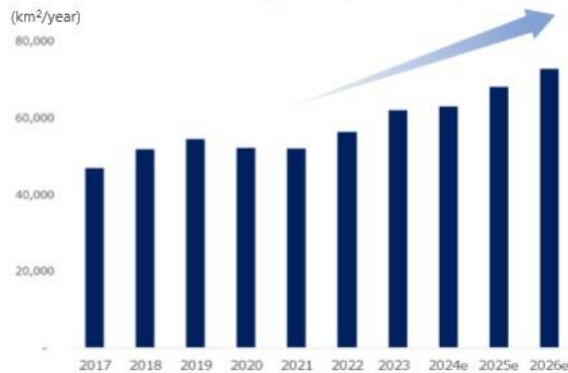
As shown in the bar graph in the middle, over the past several years, structural reforms have progressed, particularly among competitors, and the supply-demand balance has been achieved. Against this backdrop, we have created an environment in which appropriate value-added and price revisions can be implemented.

Regarding demand, it is also expected that the number of new housing starts will decrease in Japan due to the declining birthrate. On the other hand, demand for renovation and for products that combine two or three panes of glass for higher-performance energy-saving glass is increasing, which is supporting demand.

Asia: Market Environment

- Demands for energy-saving and energy-generating products are growing.
- Increasing the ratio of high-value-added products such as energy-saving glass and BIPV.

Demand for coated glass (AGC estimate)



Ratio of high-value-added products sales



※ Excluding Japan and China

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Next, let's look at the Asian market.

Basically, base demand can be expected in the Asian market. Among them, we are particularly looking forward to capturing the demand for energy-saving glass with energy-saving performance and the expected growth of high value-added products.

Explore and Launch New Businesses

- Development and expansion of new products using AGC's world-class product and process development ability.
- Addressing the needs of the next generation and solving social issues integrating internal and external knowledge and technologies.

BIPV



AIST International Research Center for Zero Emissions Entrance Canopy

Glass products capable of generating solar power with power generating cells sealed between the glasses.

WAVEATTOCH™ (Glass antennas)



Development of glass antennas that can be affixed from the interior of existing windows to accommodate 5G expansion that supports high-speed, high-capacity communications.

Mirroria™ (Display-integrated mirrors)



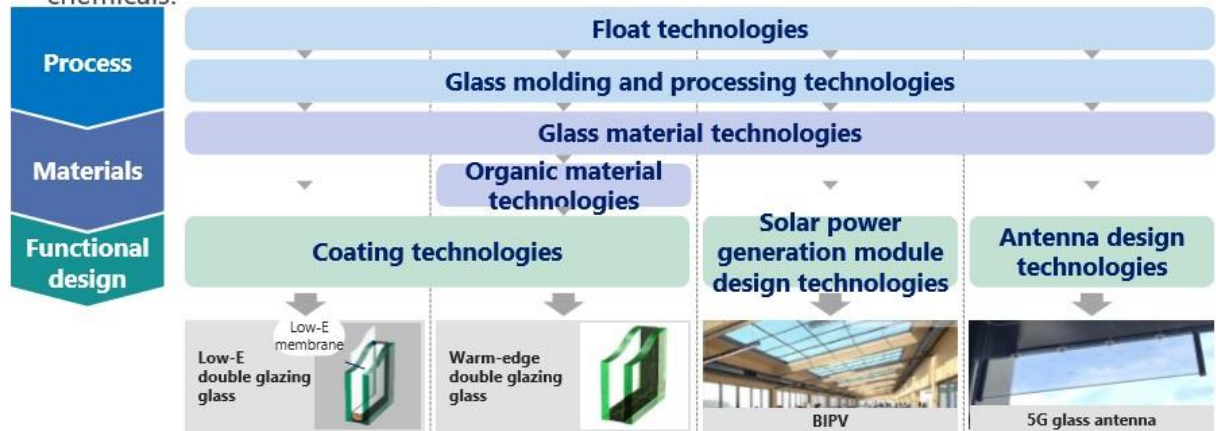
Products that simultaneously fulfill the functions of both mirrors and displays.

Next, let's look at our new businesses.

The Japanese market in particular is a mature market, and we intend to strengthen the foundation of our business by introducing products with higher added value and functionality, such as those shown here.

(Reference) Leadership position in the product and process development ability in the world

- Developing high-performance glass and new processes using the development abilities of our diverse human resources base.
- Developing new competitive products through combined technologies of glass, electronics, and chemicals.



Here, we show what specific technologies we have in terms of product and process development capabilities.

One point I would like to highlight is that we recognize that our strength lies in developing products that can be differentiated not only in the glass business, but also by combining technologies from our other businesses, such as electronics and chemicals.

Address Environmental Issues

- Promote GHG emission reduction and glass recycling in the manufacturing process as an industry leader.

Reduce GHG emissions in manufacturing processes



Reduction of GHG emissions in float glass melting furnaces

Initiatives

- Fuel conversion
- Introduction and deployment of clean fuels
- Introduction and deployment of energy-saving technologies
- Improvement of glass cullet utilization



Promote glass recycling



Contribute to realize a circular society by promoting glass recycling in collaboration with other companies and by reducing GHG emissions and landfill disposal

Initiatives

- Recycling solar panel cover glass
- Recycling waste flat glass generated at construction sites



Next, we will address environmental issues.

There are two major aspects.

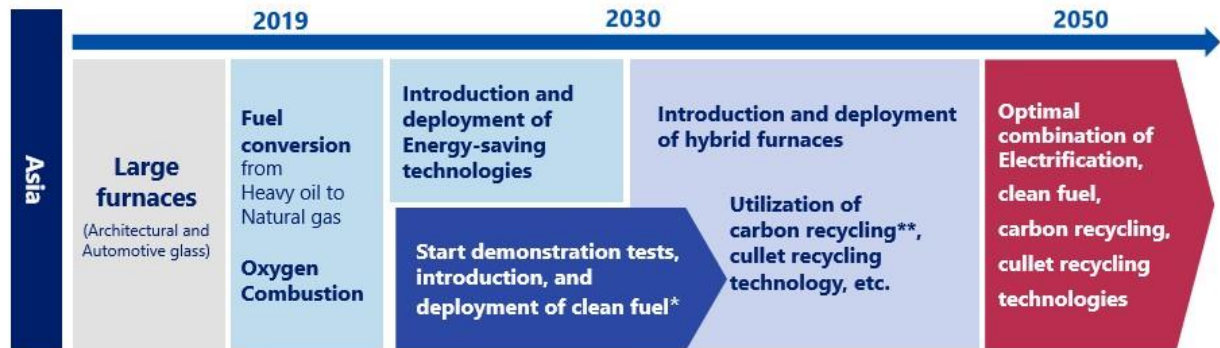
The first is the reduction of GHG emissions in the manufacturing process, which is being promoted as described on the left of the slide.

We also hope to contribute to the realization of a recycling-oriented society by promoting glass recycling. Once on the market, the glass is collected after use and used again as raw material.

I would also like to highlight that glass recycling contributes to GHG emission reductions because it requires less energy to melt than raw materials and also prevents the generation of raw material-induced CO₂.

Technology Roadmap for Reducing GHG Emissions in Float Glass Melting Furnaces

- Promoting introduction of energy-saving technologies (waste heat power generation, etc.), clean fuels (ammonia, hydrogen, etc.), CCUs, etc.



* As for ammonia combustion, one of the clean fuels, the NEDO project in which AGC participates succeeded in the world's first demonstration test of glass production using ammonia as a fuel in an actual production furnace in 2023. Further demonstration tests are planned, with the aim of full-scale introduction after determining the scope of utilization.

** As a specific initiative, Mitsubishi Gas Chemical Company is studying to produce methanol from the CO₂ generated during our production of architectural glass using CCU (Carbon dioxide Capture and Utilization) technology. We are targeting commercialization by around 2030 at AGC's Kashima Plant.

This section shows how to develop technologies to reduce GHG emissions in float glass melting furnaces.

One point I would like to highlight is that we operate globally, so we are developing different technologies that are suited to the situations of each region. In the future, when the market environment changes, we will be able to respond to changes in society by deploying our technology horizontally across regions.

We recognize that this is the strength of our architectural glass business.

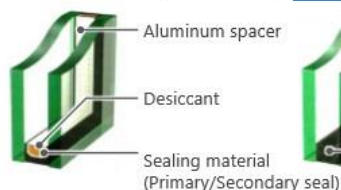
Address Environmental Issues

- Contribute to energy-saving and energy-generating through products.

Low-E double glazing glass

- **About half** of the heat enters and leaves the housing through windows
- In Japan, **double glazing is adopted in about 80%** of new houses and apartments
- In Asia, **governmental policies to promote energy-efficient buildings** in various countries are driving their adoption.

Conventional products



Thermocline™



BIPV

- Glass products that can **generate electricity from sunlight with power generation cells** sealed between glass panels
- By **enabling energy-generating through windows**, it helps to **solve constraints of installation locations** for solar panels
- It realizes **both energy generation performance and design flexibility** and contribute to the realization of a carbon-neutral society



AIST International
Research Center for
Zero Emissions
Entrance Canopy

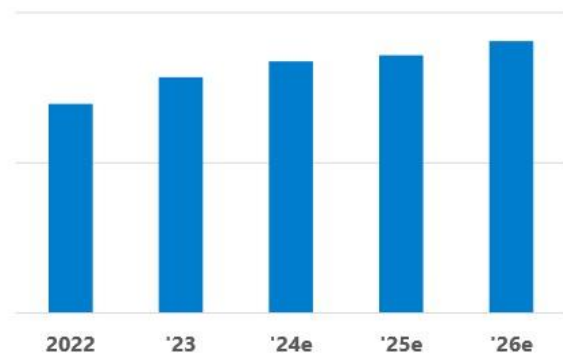
Another aspect of our response to environmental issues is to contribute to energy conservation and energy creation in the world through our products.

Listed here are the core products. By supplying these products to the market, we aim to contribute to energy conservation and ultimately GHG reduction in society.

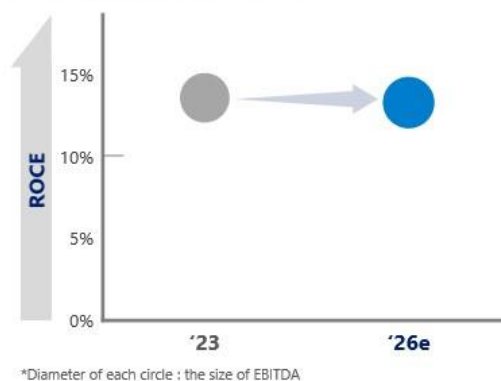
Performance Target

- Stably generate cash by strengthening the business foundation through optimization of the supply-demand balance and maintenance of appropriate prices in the region and sales expansion of high value-added products.

Net sales Image



ROCE and EBITDA* Image



Finally, here are the goals of the business.

As I mentioned, the structure of our business has become very stable. By also promoting value-added products, we intend to further strengthen this business base and aim to generate stable cash flow as a core business.

That concludes my explanation.

Ogawa: Thank you very much, Mr. Yoshiba.

[END]