



Your Dreams, Our Challenge

IR DAY 2024

Architectural Glass

[Europe & Americas]

AGC Inc.

June 3, 2024



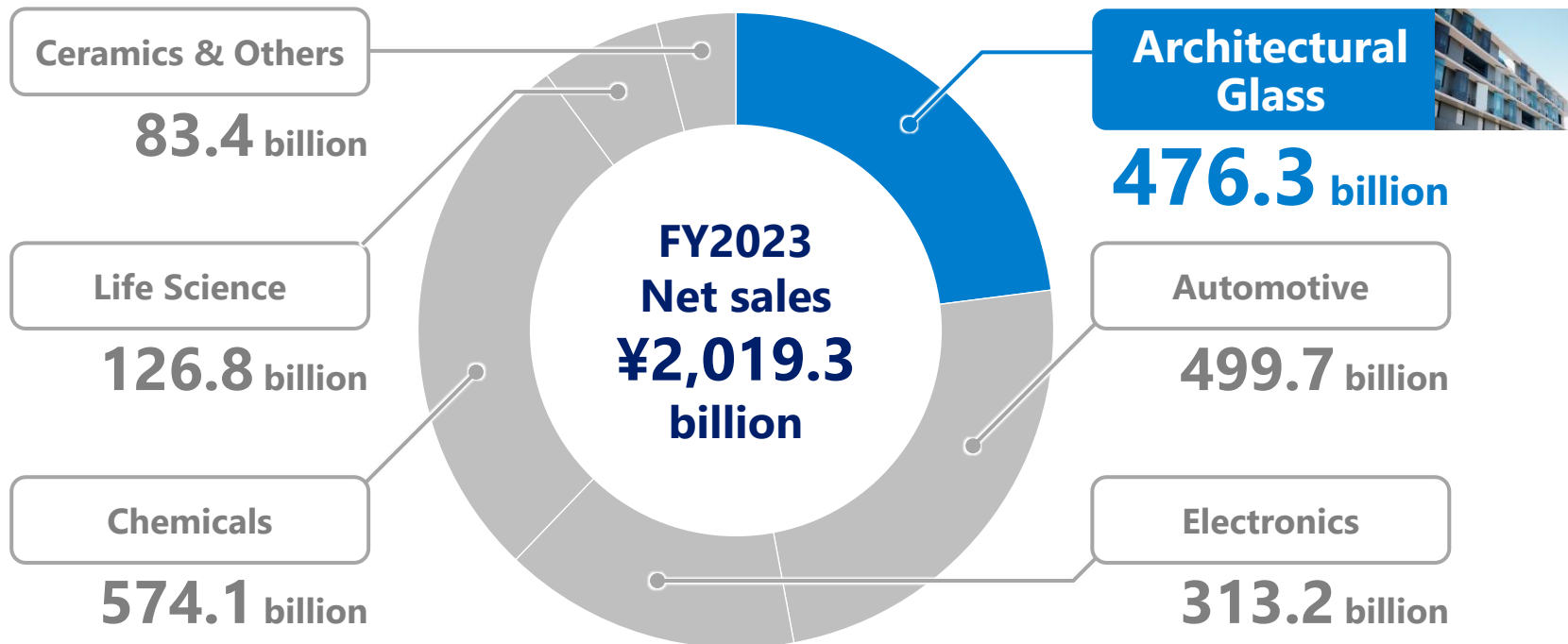


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Business Overview of Architectural Glass



Architectural Glass business in the AGC Group



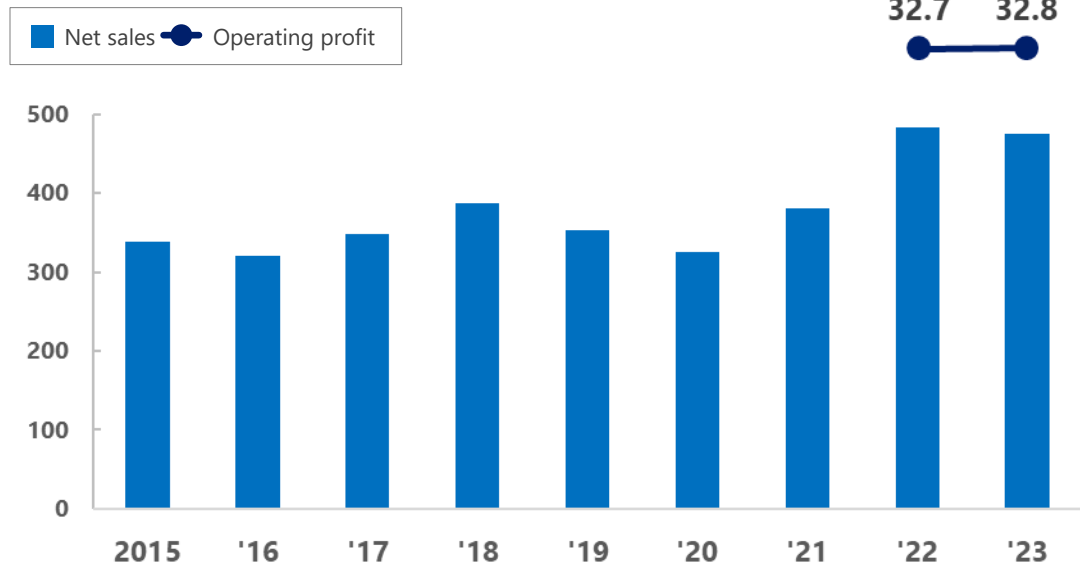
※ As net sales by business are figures before eliminations of intersegment sales, the sum of net sales by business does not equal Companywide net sales.

Architectural Glass earnings and asset efficiency trend

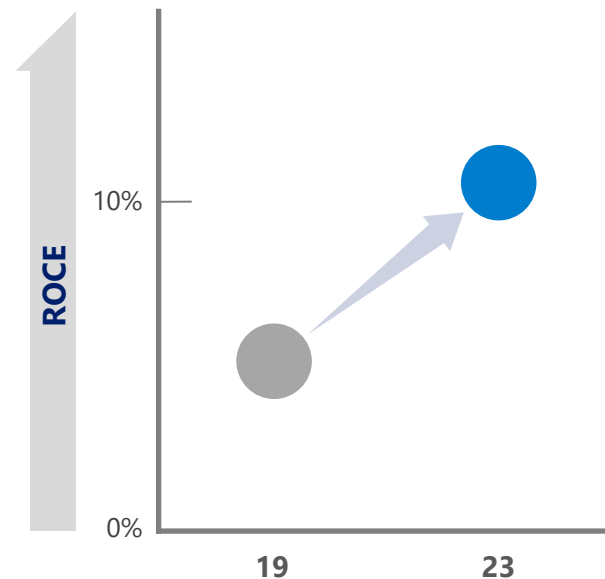
- Architectural Glass made progress in structural reforms, improving profitability and asset efficiency.

Architectural Glass net sales and operating profit trend

(billion JPY)



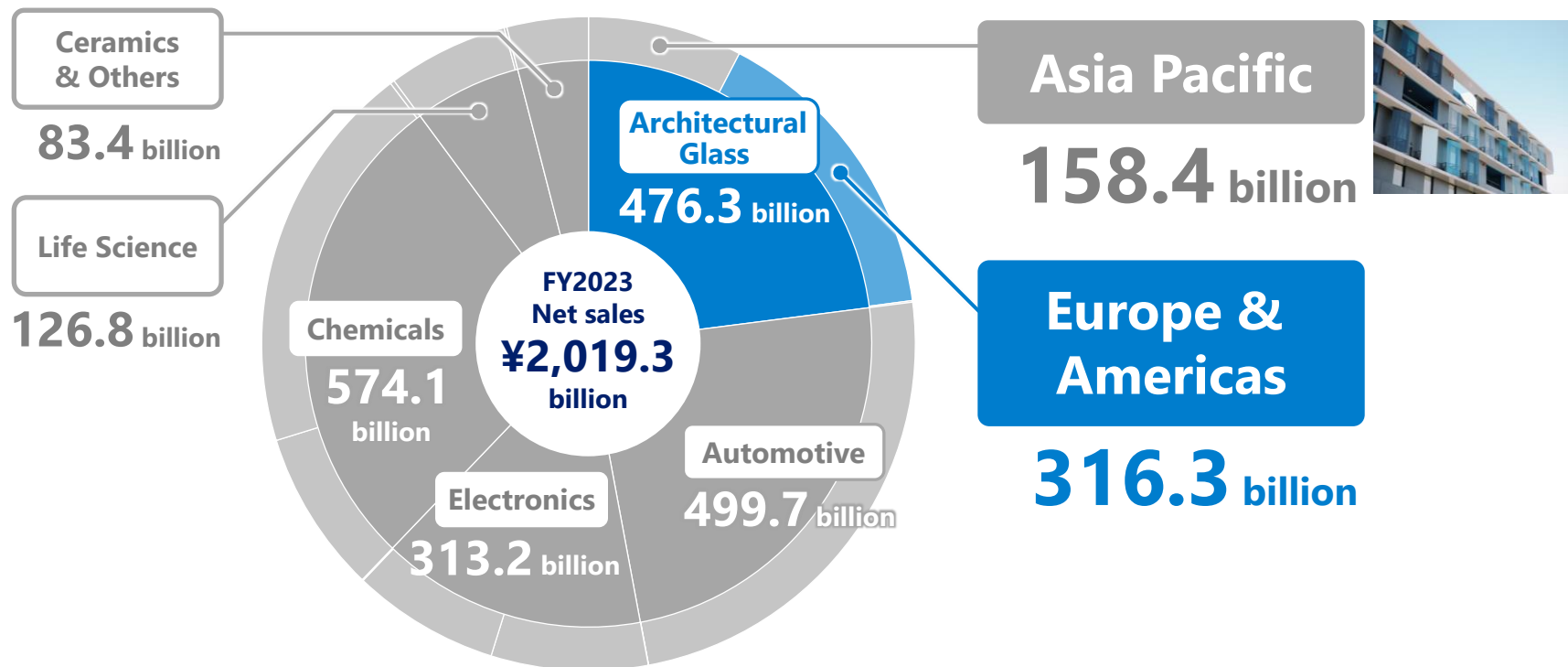
Change in ROCE



※Diameter of each circle : the size of EBITDA

Business Overview of Architectural Glass Europe & Americas

Architectural glass Europe & Americas business in the AGC Group

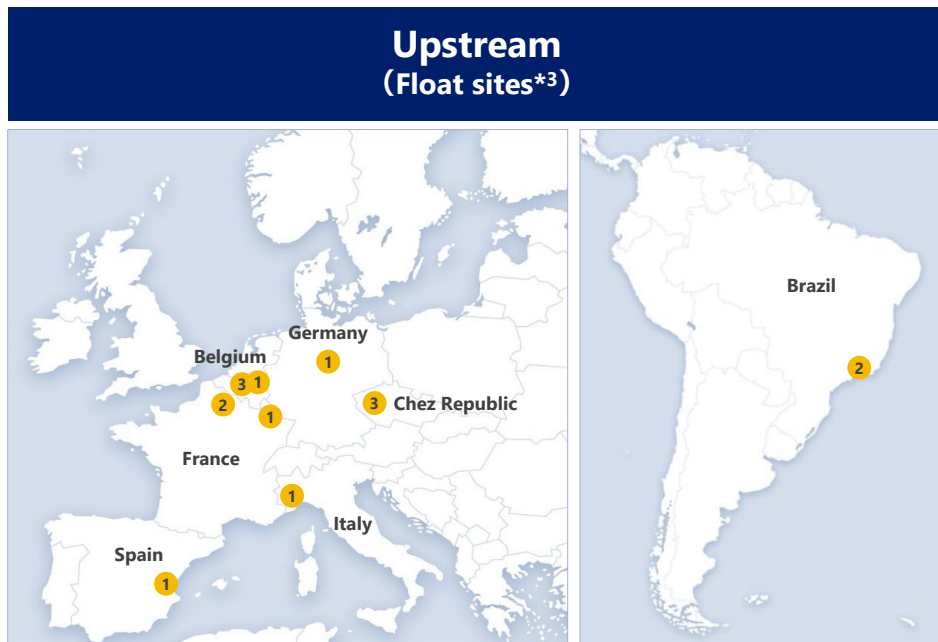


※ As net sales by business are figures before eliminations of intersegment sales, the sum of net sales by business does not equal Companywide net sales.
Sub-segment sales figures are based on sales to external customers.

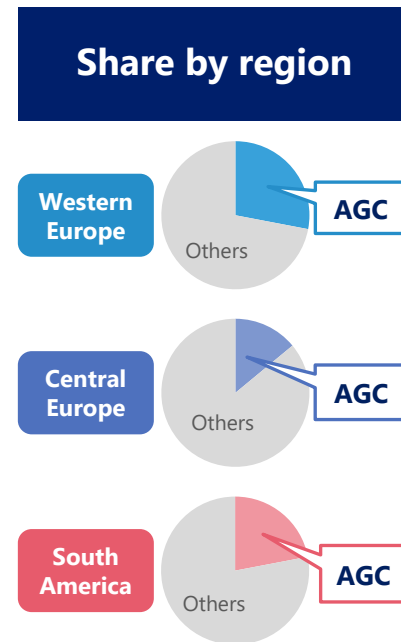
Global footprint

- Architectural Glass Europe and Americas covers Europe*¹ and South America*².

Number of sites in each region



Downstream (Process, Distribution)	
Region	Number of sites
Western Europe	~70
Central Europe	~30



Main products

Blue planet



BIPV Glass



Solar Mirrors Glass



Low Carbon Glass

Plasma Coatings



Thermal Vacuum Insulated Glass



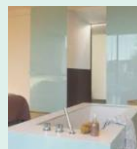
Thermal Insulation Glass

Real Rendering Services

Innovation



Connectivity Glass



Decorative Glass



Appliance Glass

Security Glass

Fire resistant Glass

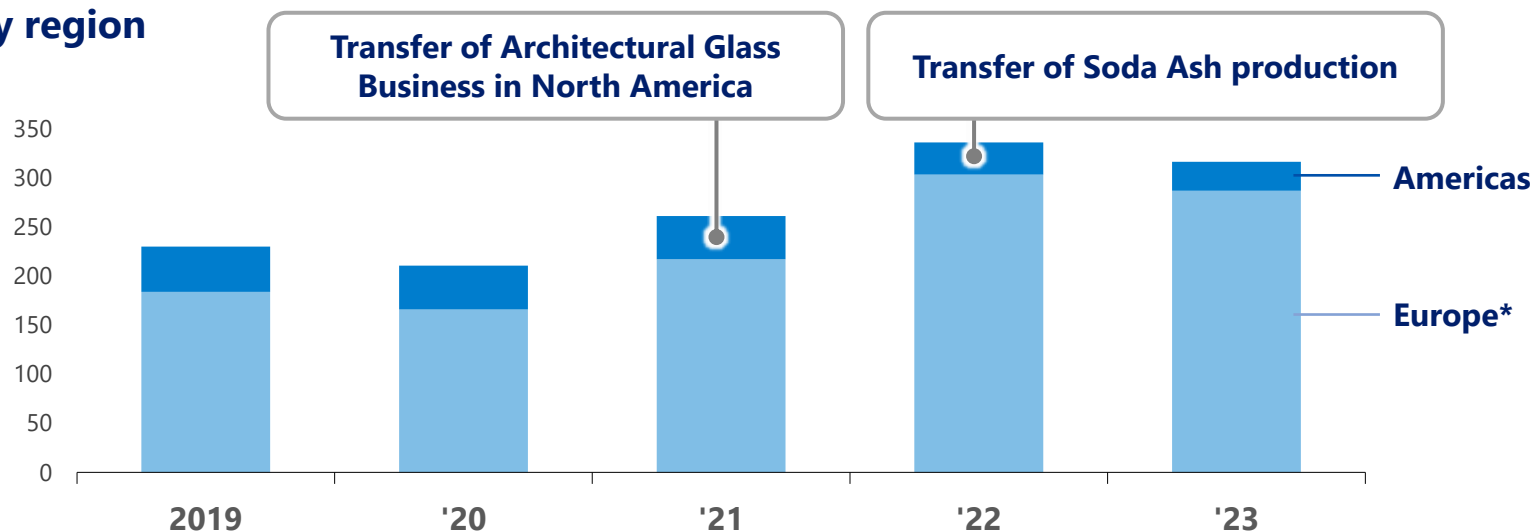
Well-being

Sales trends by region

- Business portfolio optimization has progressed according to structural reform plan.
- Decrease in sales from change of perimeter was compensated by shipment recovery in the remaining areas and higher sales prices in 2022. In 2023 prices in Europe lowered with the sharp decrease in energy cost.

Net sales by region

(billion Yen)



Strategy





Business Policy

WE LEAD THE WAY FOR A BETTER WORLD

- Be the best player in our core business
- Integrated Value Chain approach
- Quick Innovation, with a purpose
- Leader in Sustainability
- Business Excellence and Winning Culture



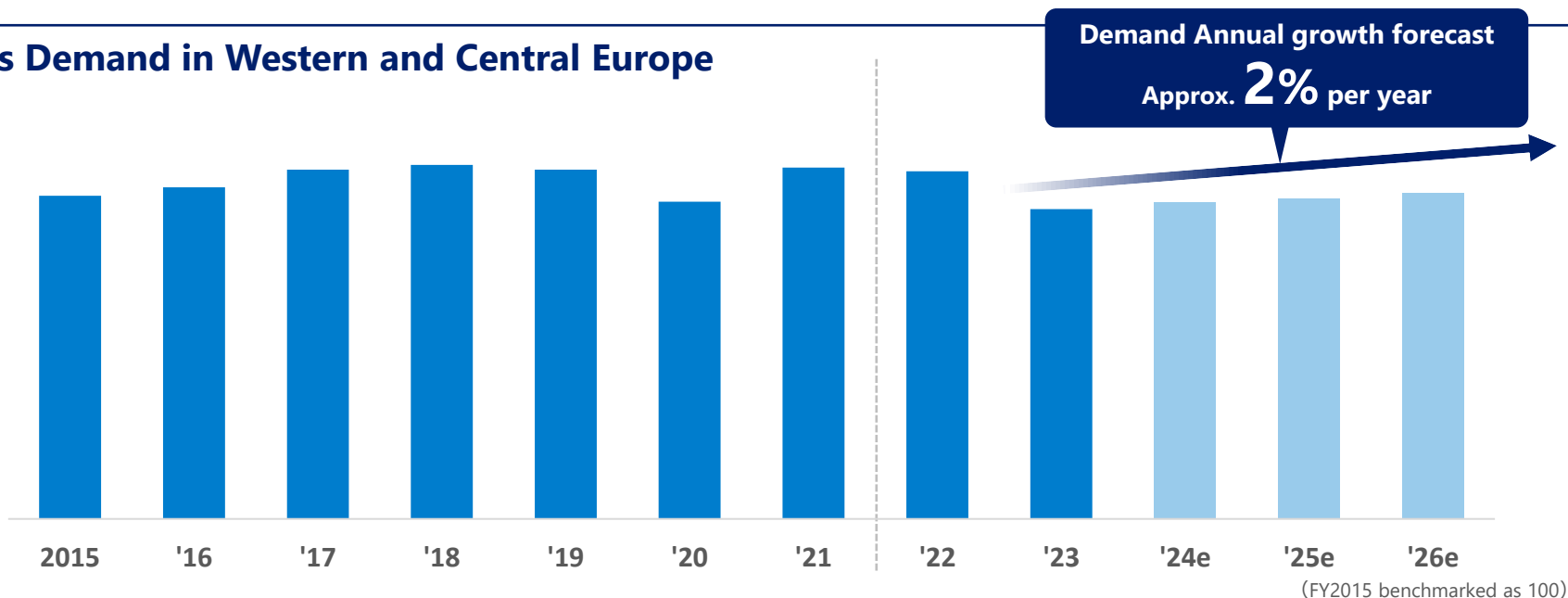
AGC's Strengths

- Market leader with strong reputation for high quality products, business excellence and service reliability
- Strong presence along the glass value chain
- Complete product range offering from basic commodity to high performance value-added glass products
- Global leader in Sustainable Glass Technology

Market environment in Europe

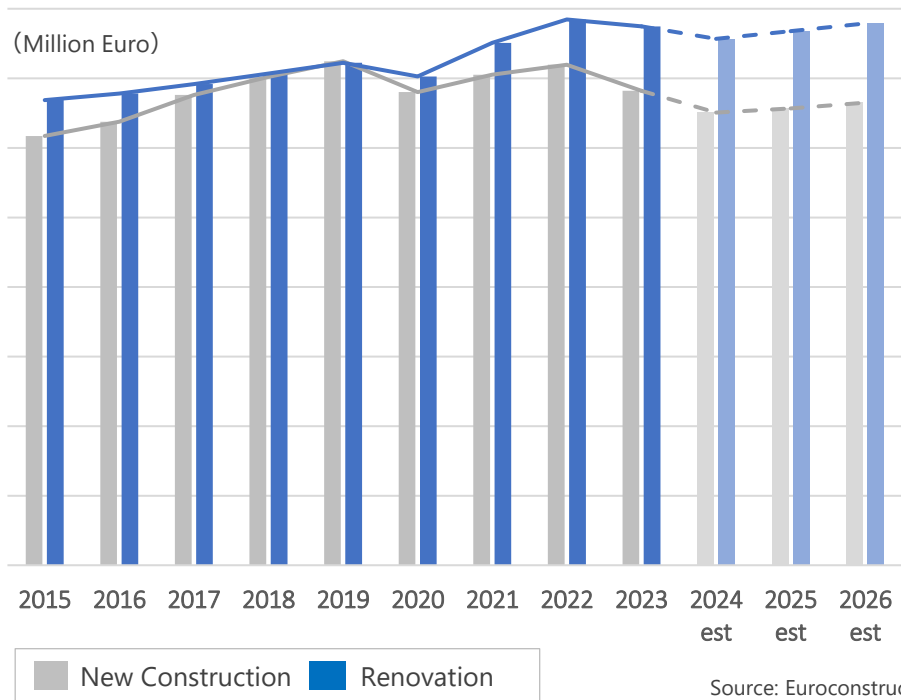
- The glass demand will be sustained mainly with renovation market in the medium-term, supported by the European Commission's "Renovation Wave Strategy" .
- The market environment is conducive to stable cash generation.

Glass Demand in Western and Central Europe

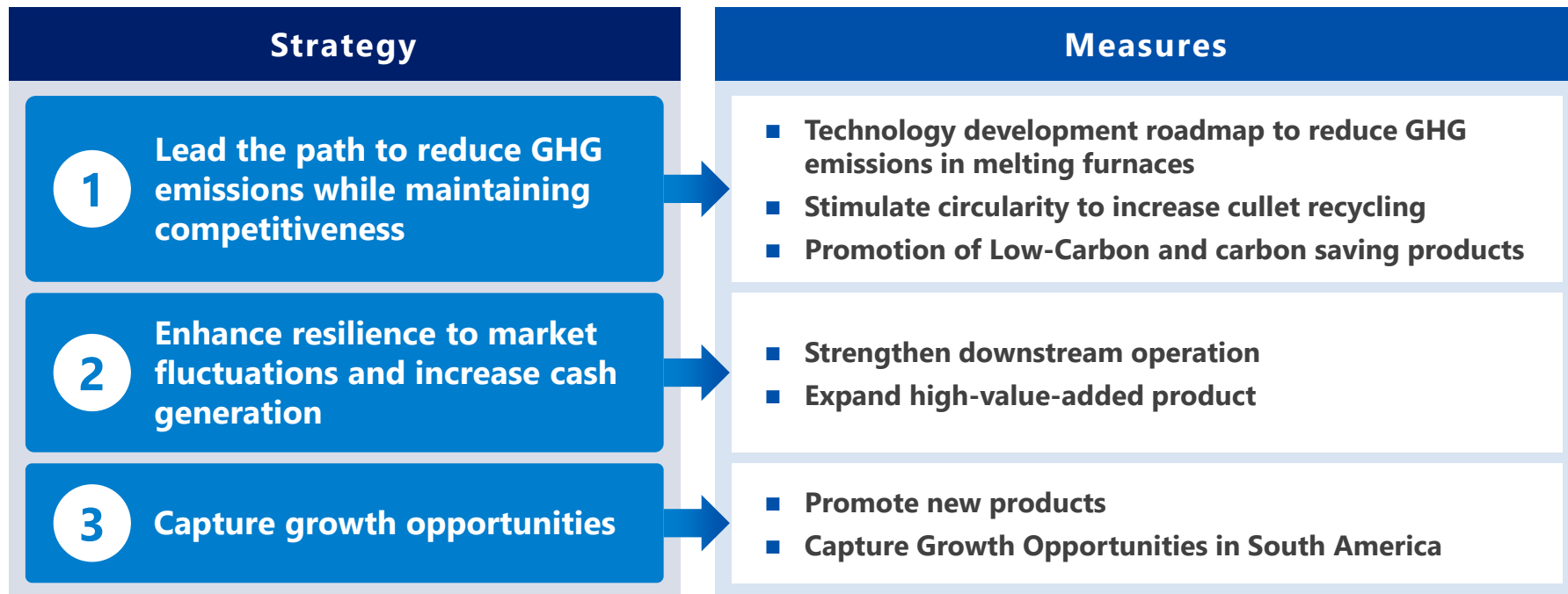


- Buildings account for about 36% of GHG emissions, mostly due to lack of insulation (losses of heating energy)
 - ⇒ All (*) new windows installed in Europe are now thermally insulated (Double or Triple glazing, with Low Emissivity coating).
- Society awareness, Regulations and Fundings are supporting Renovation trend
 - ⇒ European EPBD (Energy Performance of Buildings Directive) has been approved at European parliament in March 2023.
 - ⇒ Regulations & fundings schemes per Country (Energy efficiency certificates, Real estate prices function of energy efficiency, ...)

Construction Trend in Europe




- To play a leading role in the future of glass while increasing competitiveness to be a long-term stable source of earnings



Strategy



- **Lead the path to reduce GHG emissions while maintaining competitiveness**
 - Enhance resilience to market fluctuations
 - Capture growth opportunities
- 

Lead the path to reduce GHG emissions while maintaining competitiveness

- As an industry leader, we promote the reduction of GHG emissions and glass recycling in the manufacturing process.
- Europe is the leading region in terms of environmental awareness and Carbon reduction initiatives.

Technology development roadmap to reduce GHG emissions in melting furnaces

- Development of the first industrial-size hybrid furnace

Stimulate circularity to increase cullet recycling

- Creating cullet supply chain per segments
- Building ecosystem to promote the recycling of post consumer cullet
- Enhancing products recyclability

Promotion of Low-Carbon and carbon saving products

- Promotion of “Low-Carbon glass”, “Thermal insulating glass and Vacuum insulating glass”, “Solar mirrors”

Strategy

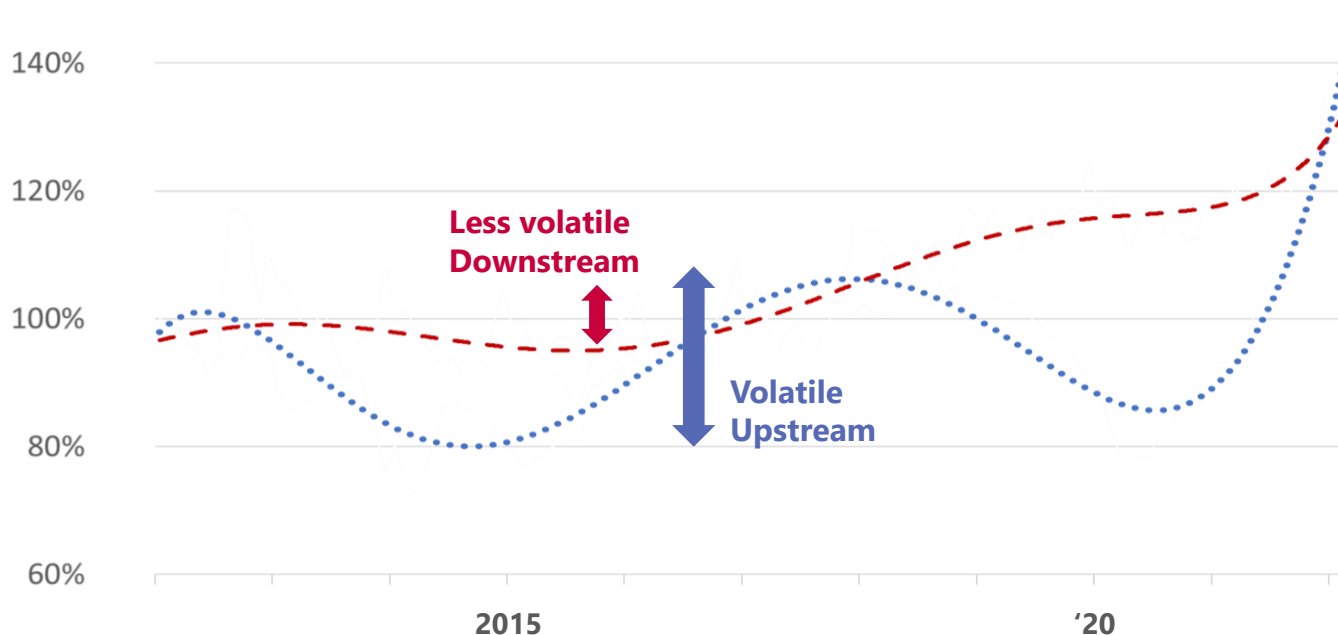
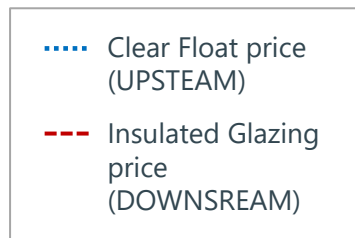


- Lead the path to reduce GHG emissions while maintaining competitiveness
- **Enhance resilience to market fluctuations**
- Capture growth opportunities

Measures: Strengthen downstream operation

- Strengthening resilience to economic volatility by building a robust supply chain to downstream with low volatility.

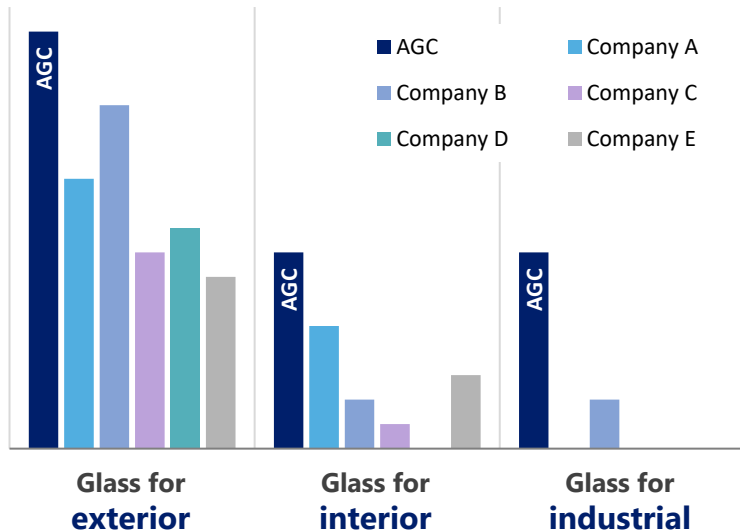
Price volatility “upstream*” vs “downstream**”



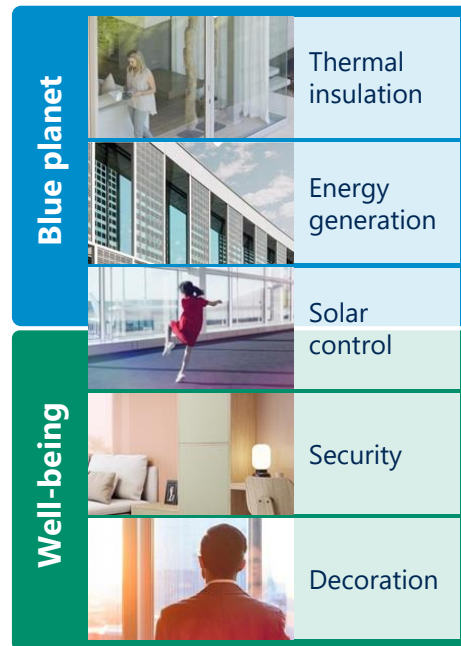
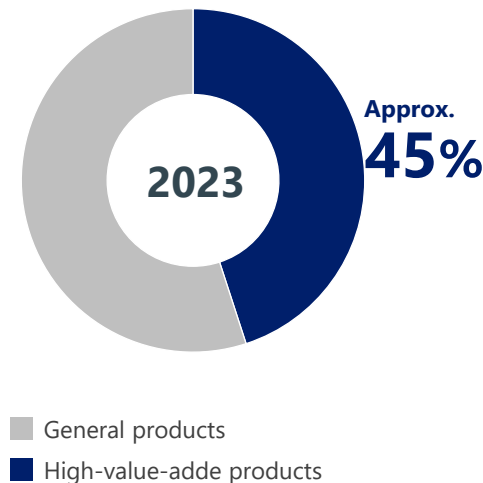
Measures: Expand high-value-added product

- We develop the best variety of products in the industry.
- Increase the ratio of high-value-added products to enhance resilience.

Number of product lines: AGC vs other companies in Europe




Ratio of AGC High-value added products sales



Strategy



- Lead the path to reduce GHG emissions while maintaining competitiveness
 - Enhance resilience to market fluctuations
 - **Capture growth opportunities**
- 

Measures: Promote new products

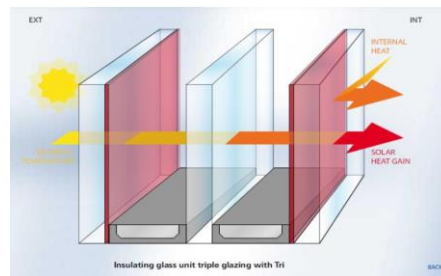
- Capture growth opportunities by promoting new products including environmentally friendly products such as vacuum insulated glass and glass that improves telecommunications.

Vacuum-Insulating Glass 「FINEO」

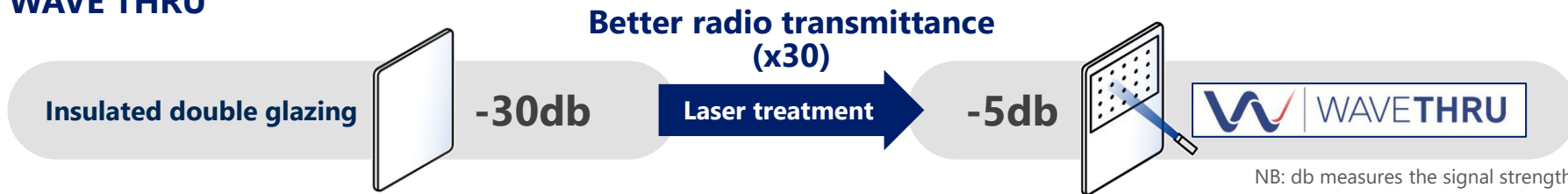
World-class thermal insulation performance and high durability. Addressing Renovation Demand in Europe



Double Glazing moving towards Tripple Glazing



WAVE THRU



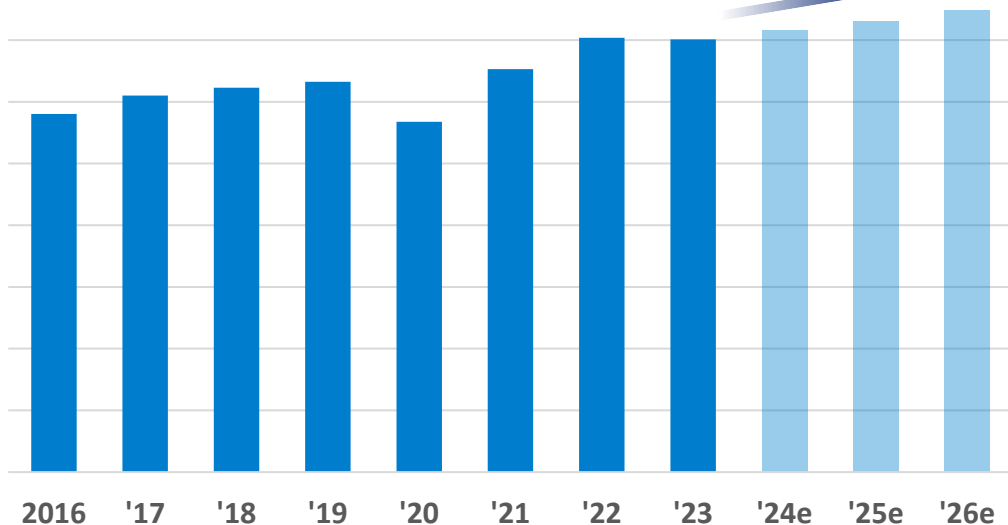
Measures: Capture growth opportunities in South America

- Capturing increasing glass demand in South America in line with the economic growth.

Glass Demand in South America

(Unit: Kton)

2023-26 CAGR
Approx. **2.2%**



**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

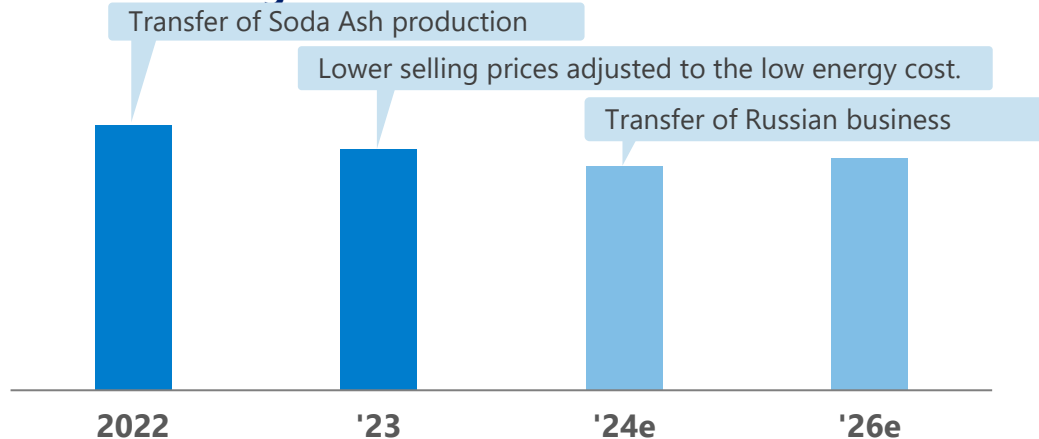
Target



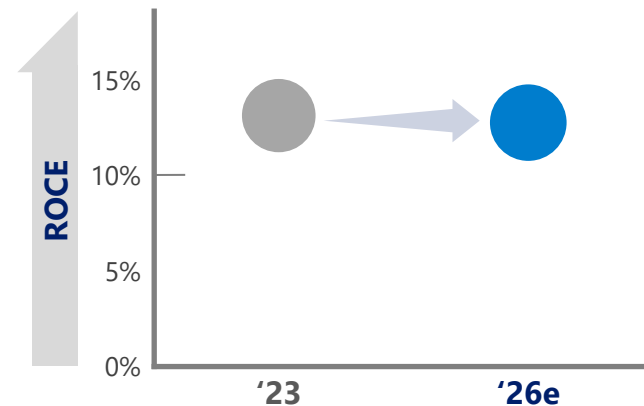
Performance Target

- We will generate stable cash and contribute to the Group's long-term growth by strengthening a business structure that is resilient to market fluctuations and utilizing assets to increase profitability.

Net sales Image



ROCE and EBITDA* Image

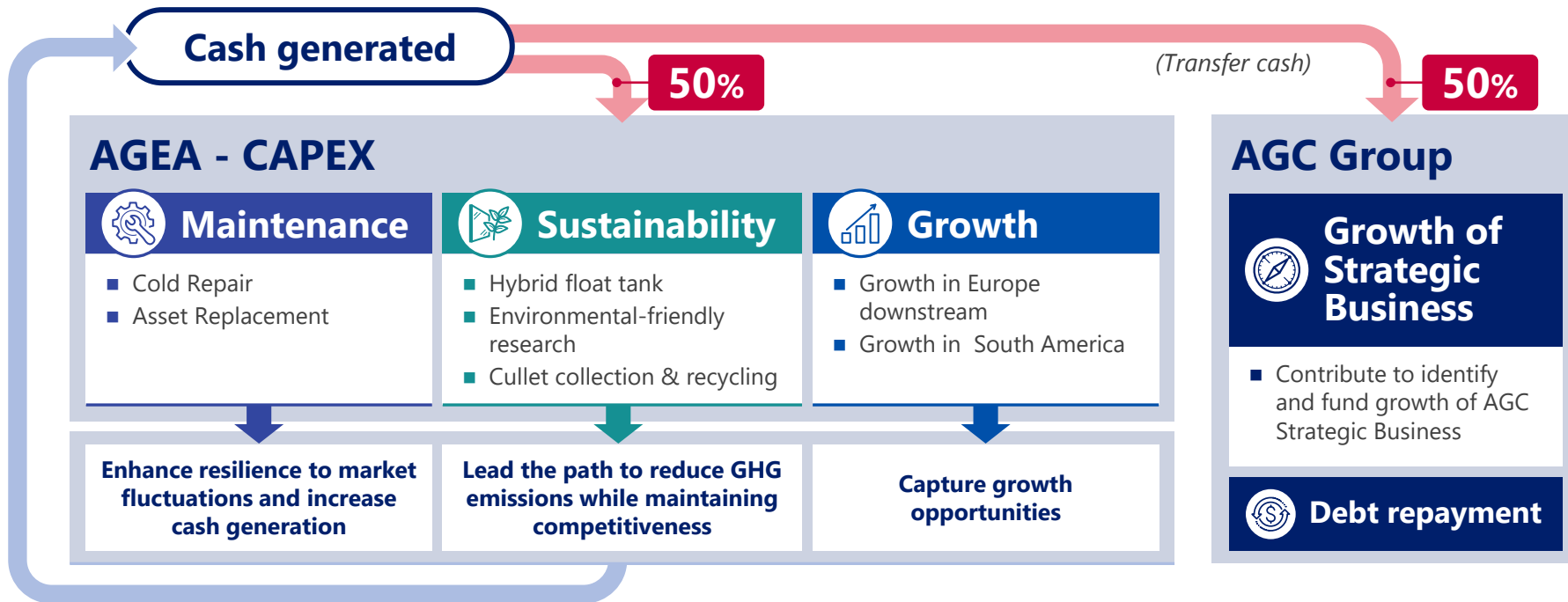


*Diameter of each circle : the size of EBITDA

Be a long-term stable source of earnings and contribute to the Group's long-term growth

Cash allocation for value creation

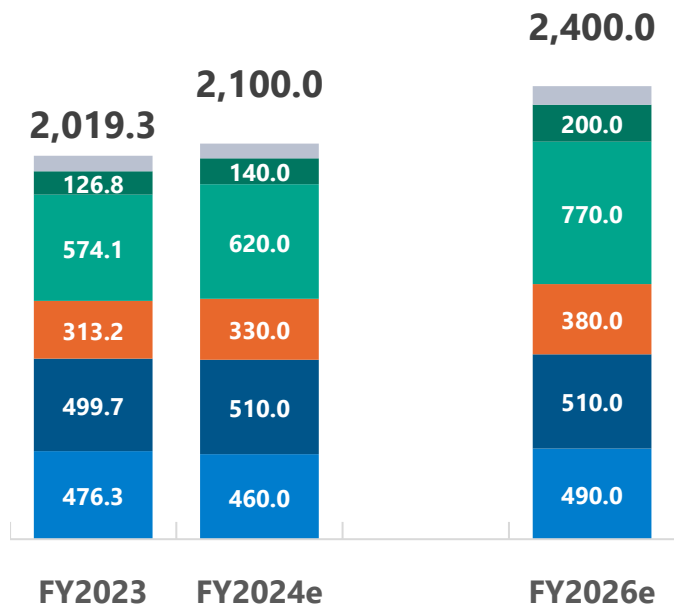
- The cash generated will be carefully allocated for the growth of AGC Group and AGEA CAPEX.



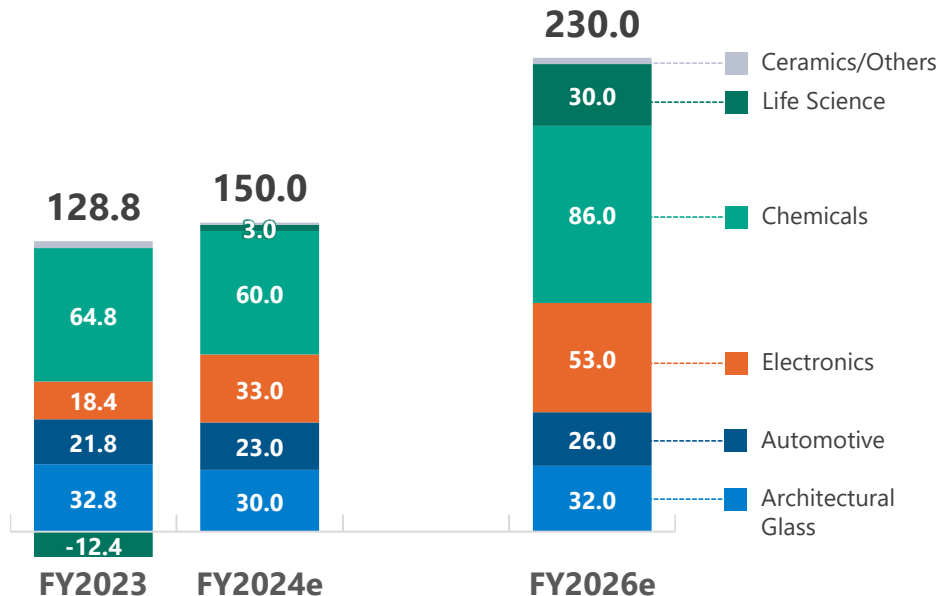
Appendix

Image of Performance by Segment

Net sales (Billion yen)

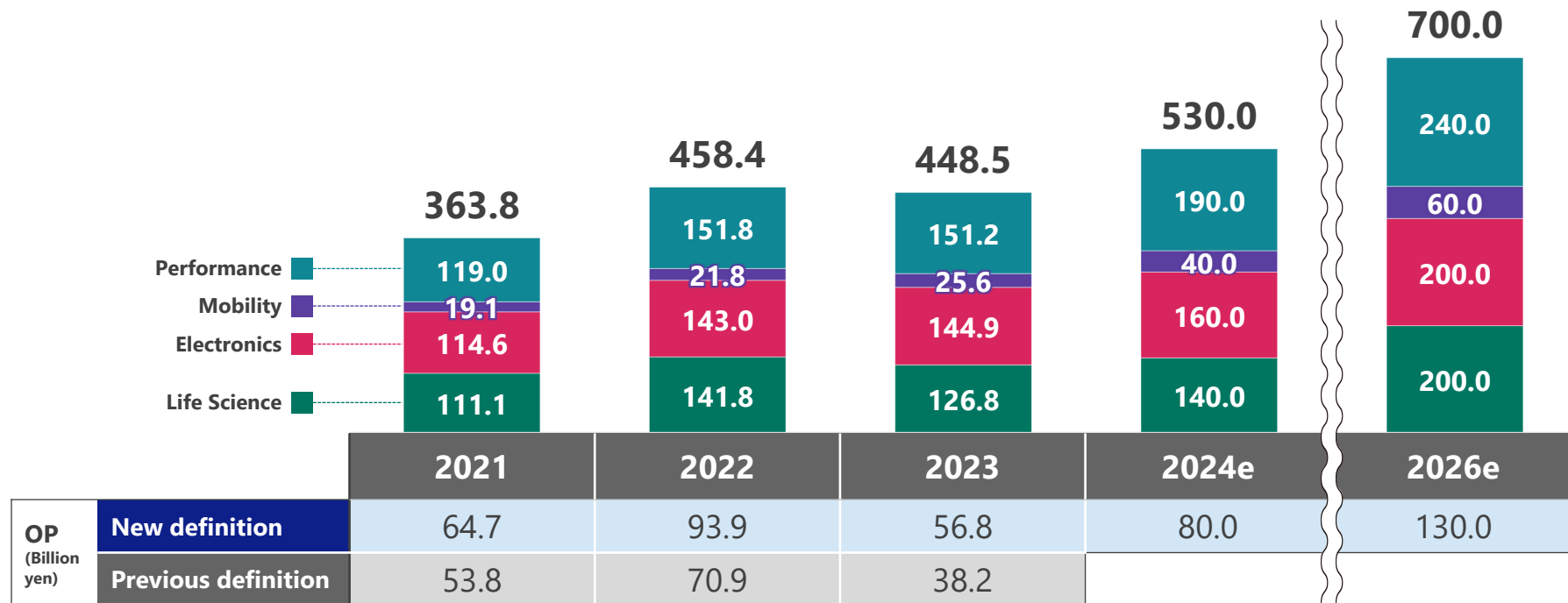


OP (Billion yen)



Strategic Business Performance Image

Strategic business net sales (Billion yen)

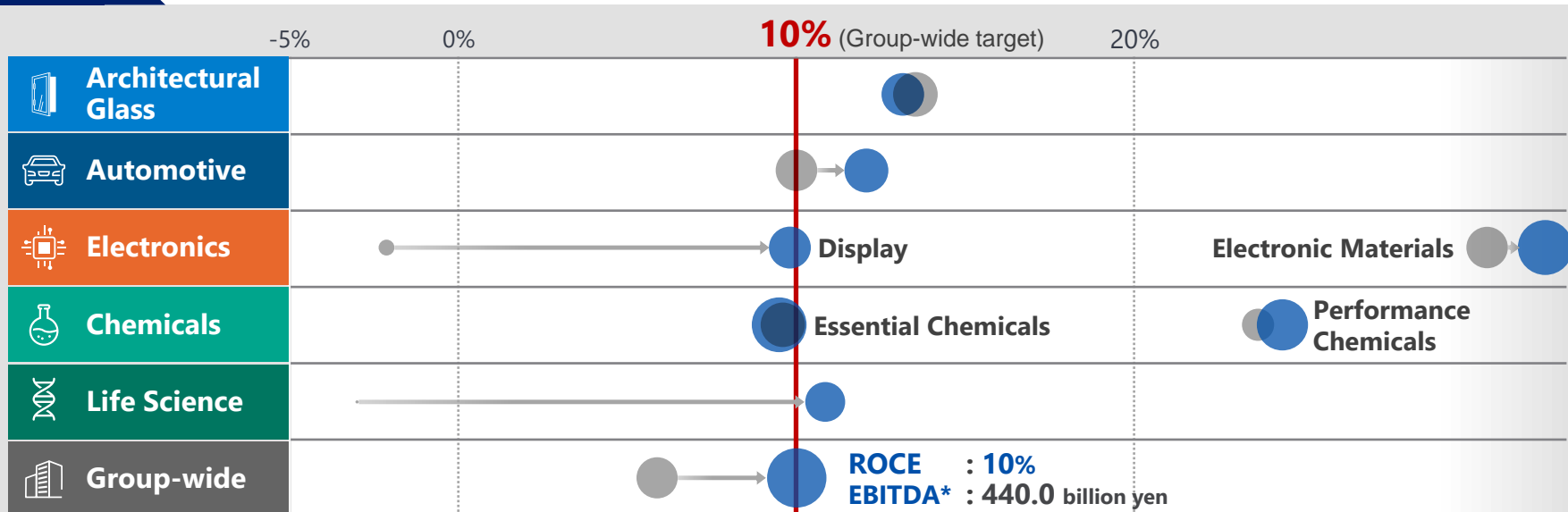


ROCE of Each Business

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

ROCE

● 2023 Actual vs ● FY2026 Projection



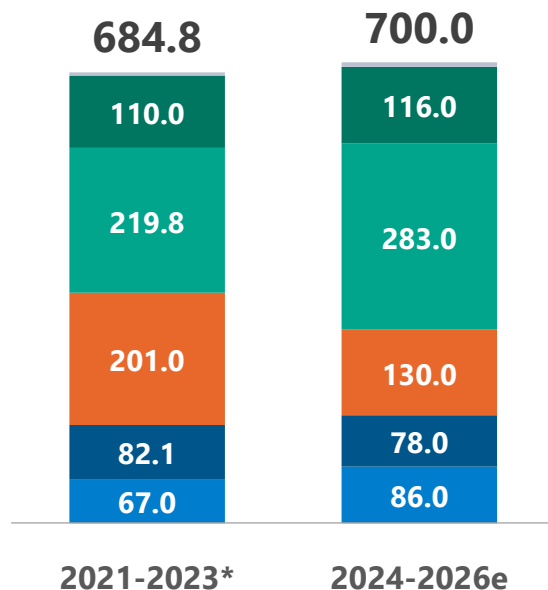
ROCE : (OP forecast of the year) ÷ (Operating asset forecast at the year-end),

Group-wide OP by business is after allocation of common expenses; OP for each business is before allocation of common expenses

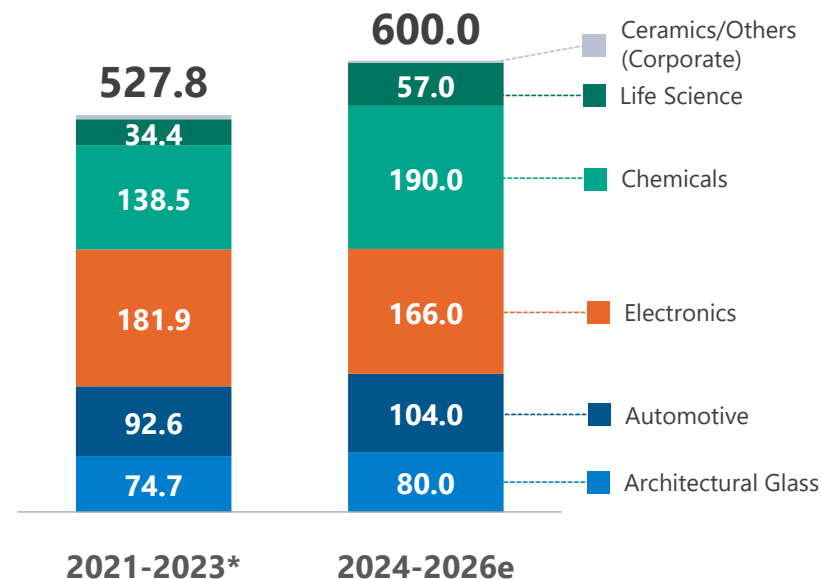
Diameter of each circle (excluding those of the group-wide section) : the size of EBITDA * **EBITDA** = Operating profit + Depreciation

AGC plus-2026 CAPEX and Depreciation & Amortization

CAPEX (Billion yen)

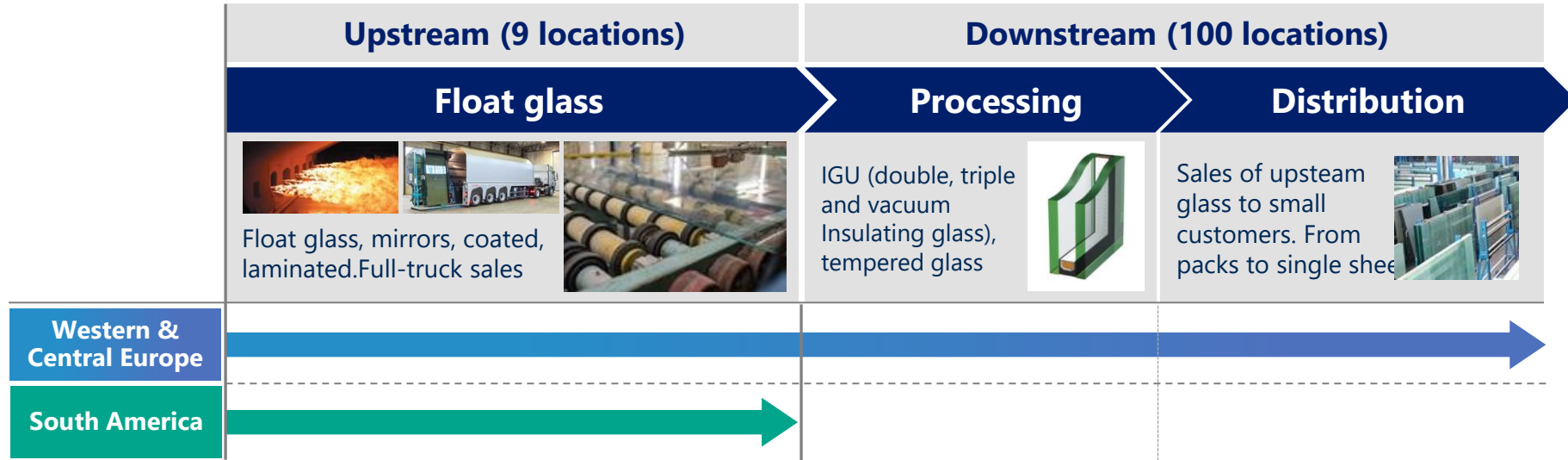


Depreciation & amortization (Billion yen)



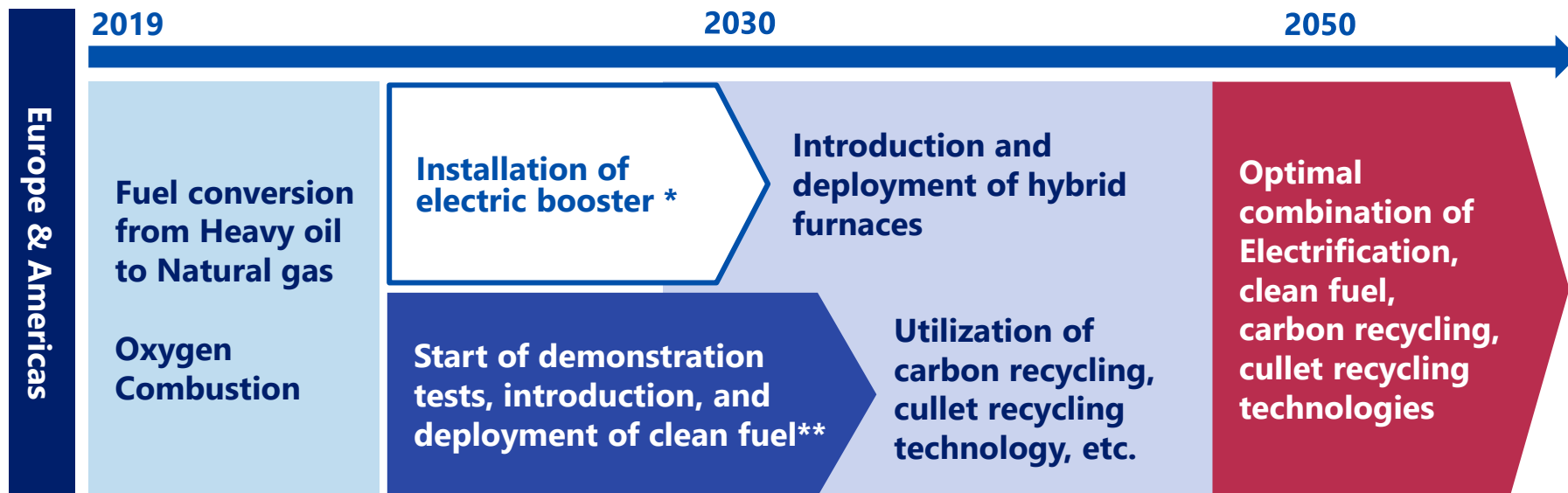
Reduce volatility thanks to stronger downstream position and focus on value-added products

- 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 reduces dependance on market cycles.
- Increased business resilience thanks to smaller price volatility in downstream markets.



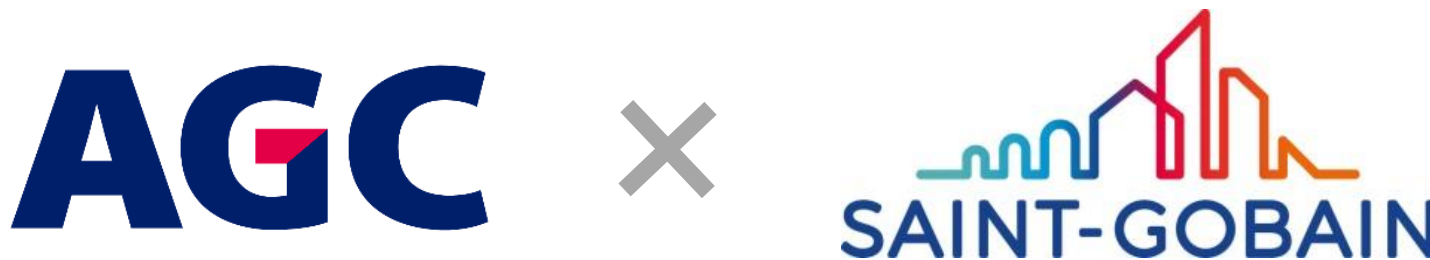
Roadmap of reducing CO2 emissions in melting furnaces

- Toward 2030, plan to prioritize electrification in Europe and Americas.
- Toward 2050, aim to achieve the target by combining multiple technologies with a focus on electrification.



Joint Development with Saint-Gobain for Industrial Decarbonization

- Started a joint development with Saint-Gobain to reduce GHG emissions in the flat glass manufacturing processes.
- Will start testing innovative new process (furnace) in the second half of 2024, which combines oxygen combustion with an improved electrified ratio.



**Create new innovation to accelerate decarbonization
in the flat glass industry**

Measure: Promote cullet collection and recycling

- Promotion of CIRCULARITY through collection of cullet (Pre-consumer and Post-consumer) :

1 ton of cullet recycled = 1.2 tons of raw materials preserved, and 0.7 tons of CO₂ emissions avoided

- ⇒ Creating cullet supply chain per segments (Residential, decorative, solar, appliance, etc.)
- ⇒ Building ecosystem (Consumers, Recyclers, Industrials, Renovators, Deconstruction companies)
- ⇒ Enhancing products recyclability



Growing Demand for Products with Small Carbon Footprints

- The trend toward green buildings has boosted the need for building materials with a small carbon footprint, and demand for AGC's **high-value-added low carbon glass*** is growing.
- AGC's Low Carbon Glass significantly reduces GHG emissions during the product life cycle
- Low carbon glass is currently produced in our France and Belgium Float plants.



* Float glass produced by AGC Glass Europe S.A., products with a carbon footprint reduced by at least 40% compared to Planibel's EPD (Environmental Product Declaration) values (INIES database).

Disclaimer:

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