



AGC Inc.

IR DAY 2024 <DAY 1> Architectural Glass Europe & Americas

June 3, 2023

Event Summary

[Company Name]	AGC Inc.	
[Company ID]	5201-QCODE	
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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	
	Davide Cappellino	Senior Executive Officer, President of Architectural Glass Europe & Americas Company
	Chikako Ogawa	General Manager of Corporate Communications & Investor Relations Division

Presentation

Ogawa: Mr. Cappellino, President of Architectural Glass Europe & Americas Company, will give an overview of the business strategy of the Architectural glass business in Europe & Americas.

Ogawa: Davide, please.

Cappellino: Good morning and good afternoon, everyone. My name is Davide Cappellino. I am the President of the Architectural glass Europe & Americas. I am speaking from Brussels. I will be happy to answer your questions after the presentation.

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.

The Architectural glass business accounts for approximately 25% of AGC Group's total net sales.

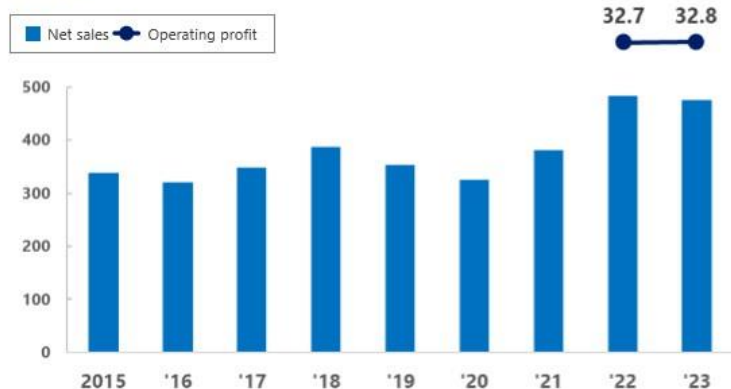
Architectural Glass earnings and asset efficiency trend



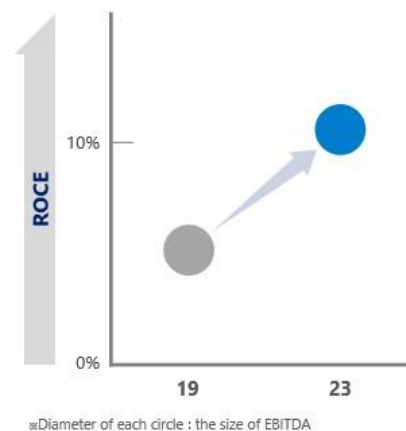
- Architectural Glass made progress in structural reforms, improving profitability and asset efficiency.

Architectural Glass net sales and operating profit trend

(billion JPY)



Change in ROCE



※Diameter of each circle : the size of EBITDA

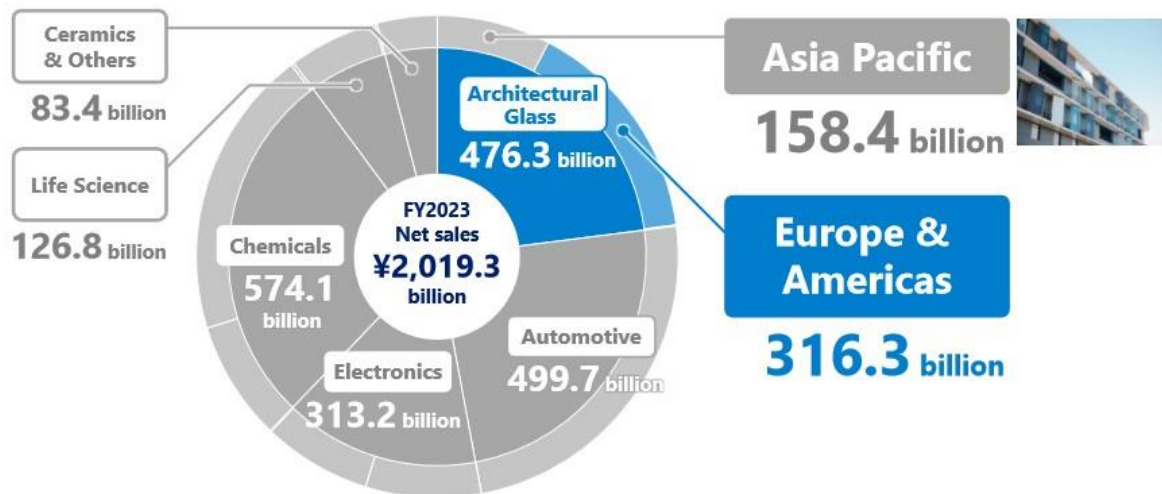
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Business has been improving so far. Structural reforms have worked well over the past few years.

ROCE is more than 10%.

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.

I will now explain our operation in Europe and Americas.

I am only responsible for the European and American operations, which account for about 15% of AGC global net sales.

Global footprint

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

Number of sites in each region



*¹February 2024; Transfer of Russian business *²July 2021; Transfer of North American business *³NB: The number in the yellow circle (Ex. 3) indicate the number of float line.

Here are our operations in Europe and Americas. The value chain is integrated.

On the left is our upstream footprint. In other words, this is where the large glass manufacturing activities are taking place. There are also about 100 downstream sites in Europe such as processing and distribution.

Regional market shares are shown on the right. It varies from market to market, but we have roughly a 20% to 30% market share.

Main products



Products and solutions.

As AGC's social values, we make a significant contribution to the three pillars.

The major contribution is given by thermal insulation, and this ensures both energy efficiency and comfort.

In other value-added segments, such as energy generation, or advanced industrial glass is also produced, for example, in the field of telecommunications.

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)



* Transfer of Russian business in 2024

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There have been structural changes in our business.

In the past few years, we have exited from North America, and sold our glass operations in 2021. The following year, 2022, the company sold its soda ash operations which is raw material of the glass.

In addition, we exited from the Russian market at the beginning of 2024.



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

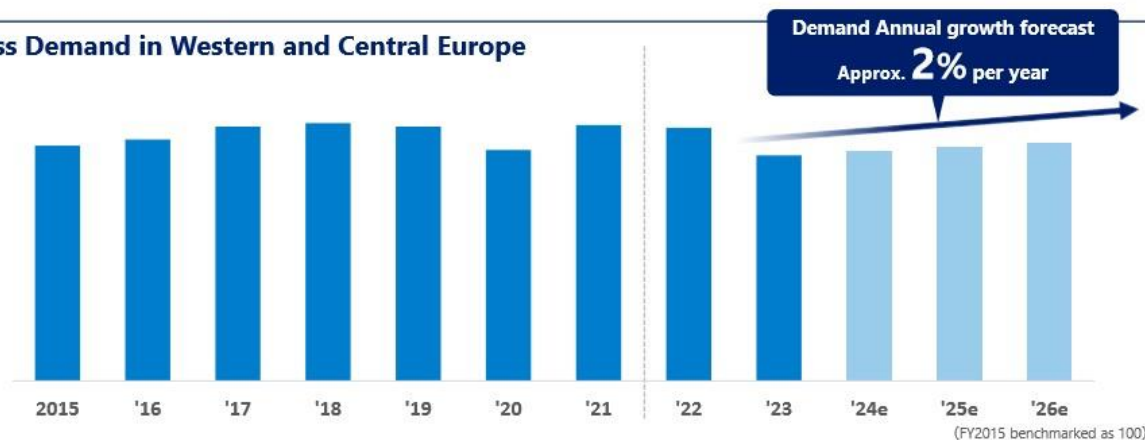
AGC is a major well-established player in all markets where we are operating. By leveraging our strengths, by executing our business policy which is an ambition of leading the way to build a better world, and to ensure the sustainability and success and of our customers.

We want to be the best player in our core businesses, having an impact on the market where we operate, continue to develop our value chain integrating upstream and downstream, and keep on working to lead the way in terms of innovation, sustainability, and business excellence.

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



Source: EUROCONSTRUCT 12/2023 (EU-19)

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Market environment in Europe.

Demand for glass is stable. As in other segments, we were affected by the COVID-19 pandemic in 2020, as well as the energy crisis in Europe and the inflation that followed.

But despite this, it is a stable market and is expected to grow at roughly 2% per year going forward. It is expected to grow along with GDP growth.

- 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



* >97%. Few Southern parts are exempted

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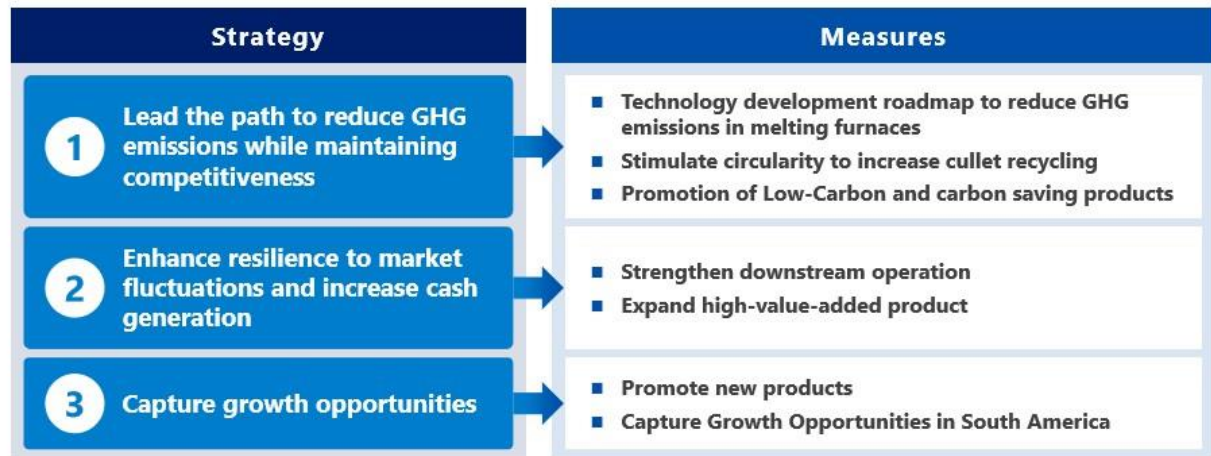
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A major element driving demand in Europe is social revolution in terms of sustainability by the acceleration of sustainability regulations. Europe is playing the leading role of global effort to reduce GHG emissions, and this cannot be done without addressing.

36% of the total emissions come from management of building, for example, heating or cooling. As a result, regulations have been introduced in that aspect, and as noted here, all European buildings will be required to be environmentally friendly when renovated in the future.

As a result, we are very confident that even in the long term, renovations, shown in blue, will become more important than new construction in terms of demand in Europe, as shown on the right.

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



Our strategy has three pillars.

We will lead the pass in terms of reduction of GHG emissions, improve resilience to market fluctuations, and 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	<ul style="list-style-type: none"> ■ Development of the first industrial-size hybrid furnace
Stimulate circularity to increase cullet recycling	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Promotion of "Low-Carbon glass", "Thermal insulating glass and Vacuum insulating glass", "Solar mirrors"

First, GHG emission reductions are achieved through the development of new technologies.

We are actively trying to promote circularity, collecting and reusing end-of-life glass which is the one of the long-term trend.

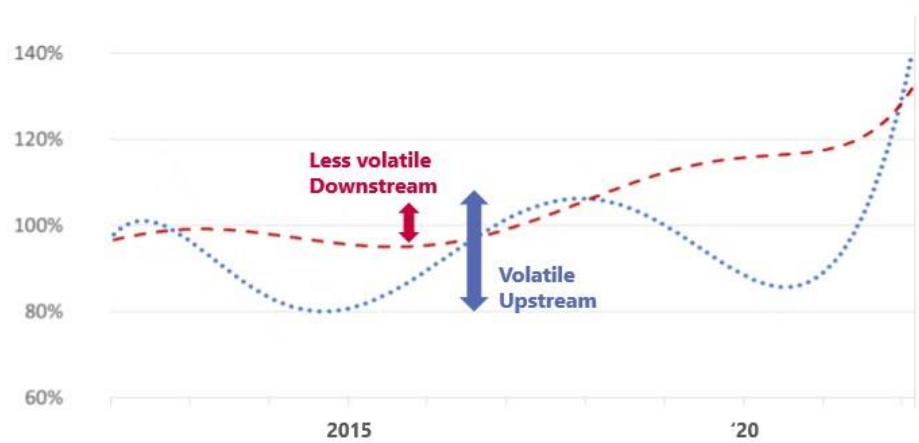
Furthermore, we will promote low-carbon and energy-saving products. For example, Low carbon glass emits 40% less carbon than ordinary glass. This can be offered to the market.

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**"

..... Clear Float price
(UPSTREAM)
--- Insulated Glazing
price
(DOWNSREAM)



* Upstream: Float glass **Downstream: Processing, Distribution

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In addition, we will improve resilience to economic cycles, and this can be mainly done by integration of glass value chain.

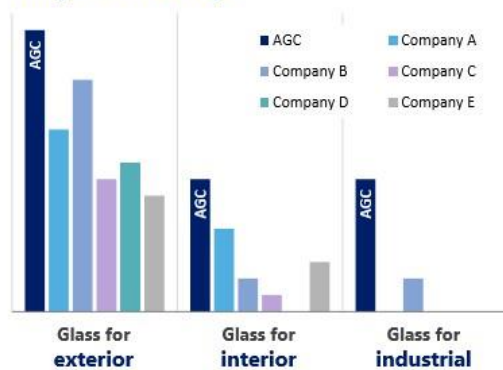
Shown in red is the price of insulating glass. Even if the market fluctuates up and down, this performance is actually quite stable with very little fluctuation.

Measures: Expand high-value-added product

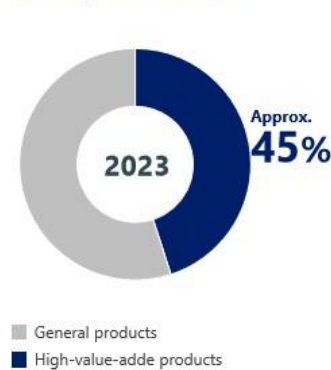


- We develop the best variety of products in the industry.
- Increase the ratio of high-value-added products to enhance resilience.

Number of product lines: AGC vs other companies in Europe



Ratio of AGC High-value added products sales



Furthermore, we will continue to promote high-value-added products.

As you can see, our product line is the widest in the industry, and we can provide whatever high value-added architectural glass our customers require. Our high-value-added products accounts for about 45% of our sales.

Measures: Promote new products

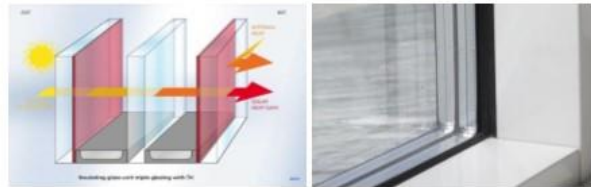
- Capture growth opportunities by promoting new products including environmentally friendly products such as vacuum insulated glass and glass that improves telecommunications.

Vacuum-Insulating Glass 「FINEO」

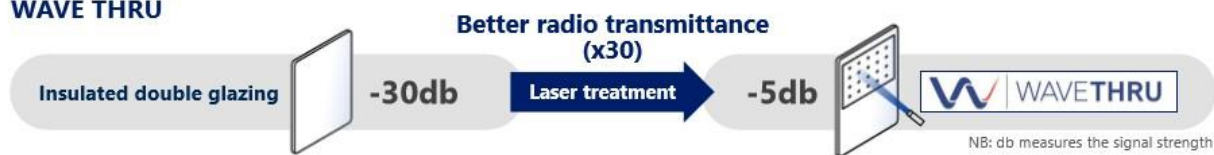
World-class thermal insulation performance and high durability. Addressing Renovation Demand in Europe



Double Glazing moving towards Tripple Glazing



WAVE THRU



This page describes capturing growth opportunities.

In Europe, maybe no additional volume increase, but change in the product mix.

There is a big trend of substituting, double glazing glass is now the standard in Europe, but shifting to triple glazing glass which requires more glasses and more coatings.

Furthermore, we are the only player in Europe that offers vacuum-insulating glass, which is very performing and thin insulating glass, produced by innovated technology which is excellent for emission reduction.

Measures: Capture growth opportunities in South America



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



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

Growth opportunities also exist in South America.

The market itself is growing. Compared to 10 years ago, this is how it has grown. With a market share of about 25%, we are the second largest in the region, but we believe it is a market that is expected to grow even more.

Not only volume, but also demand for high value-added products will increase in this market.

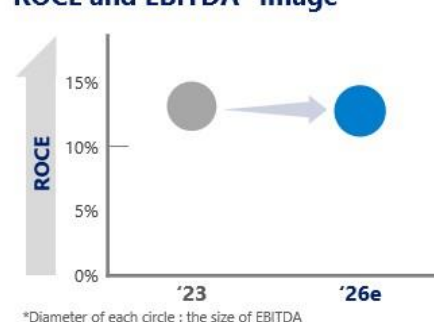
Performance Target

- 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



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

Our target is to continue stable performance.

Although there will be some impact from the transfer of the Russian operations in 2024, ROCE will remain stable, around 10%, going forward.

Cash allocation for value creation

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



Our cash allocation.

Within the portfolio of AGC group, Architectural glass plays a role in generating cash. Half of it is reinvested for business growth and to ensure that the business is sustainable and compliant with regulations.

The remaining cash will be transferred to the AGC Group to be used for strategic business growth and debt repayment.

That's all from me. We would be happy to answer any questions you may have.

Ogawa: Thank you very much, Davide.

[END]