AGC Inc.

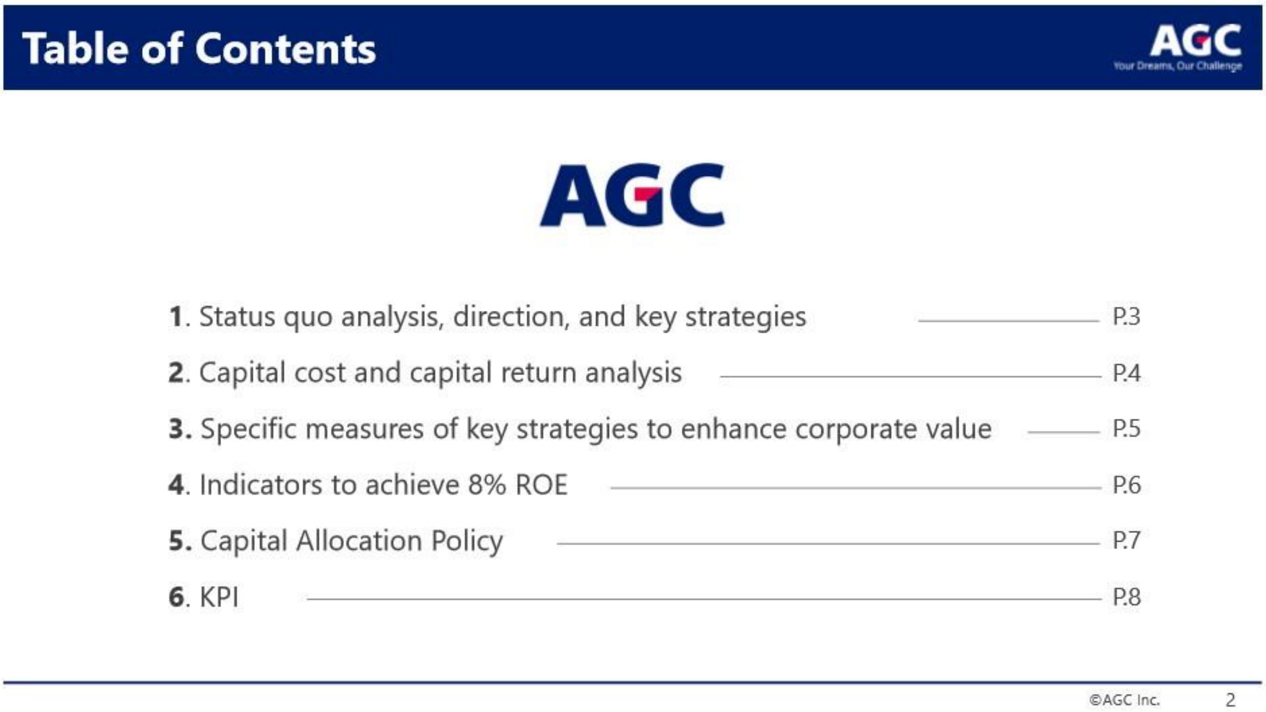
IR DAY 2024 <DAY 1> Corporate Strategy

June 3, 2023

Event Summary

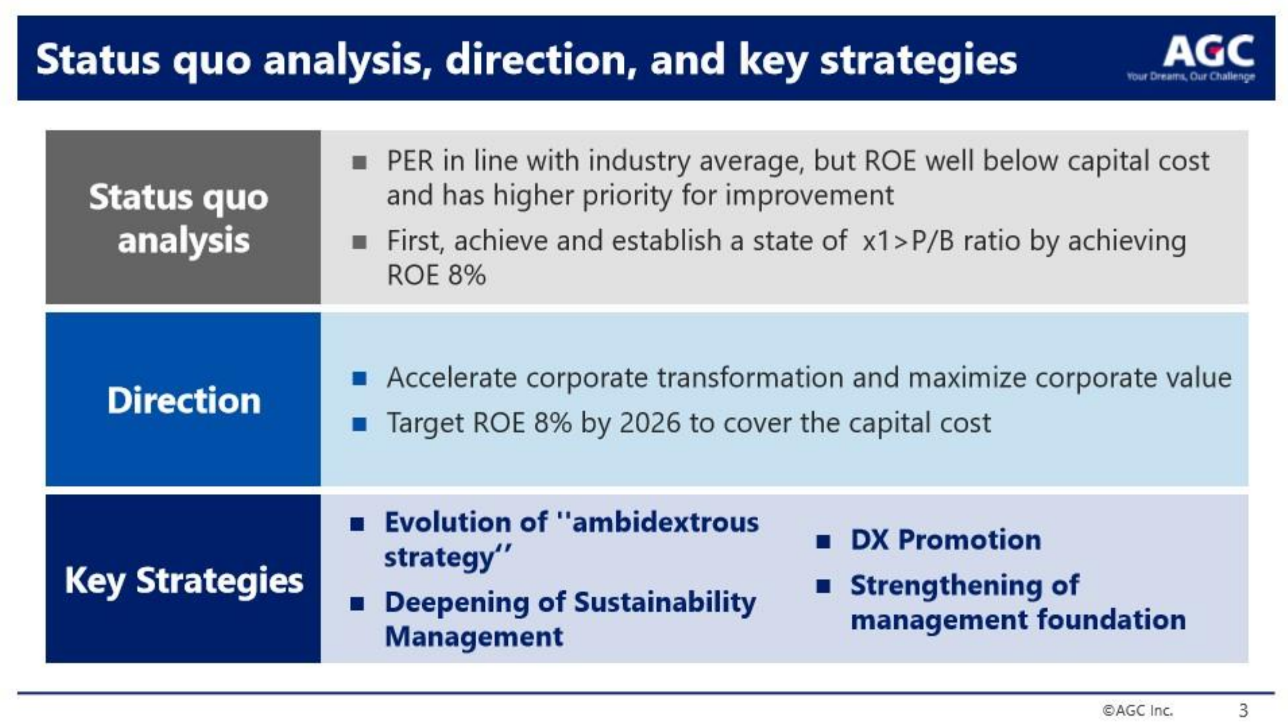
[Company Name]	AGC Inc.	
[Company ID]	5201-QCODE	
[Event Language]	JPN	
[Event Type]	Analyst Meeting	
[Event Name]	IR DAY 2024 <DAY 1>	
[Date]	June 3, 2024	
[Venue]	Webcast	
[Number of Speakers]	2	
	Shinji Miyaji	Representative Director, Senior Executive Vice President, CFO
	Chikako Ogawa	General Manager of Corporate Communications & Investor Relations Division

Presentation



Miyaji: My name is Miyaji. Thank you.

Please see the presentation material. Here, you see today's contents.

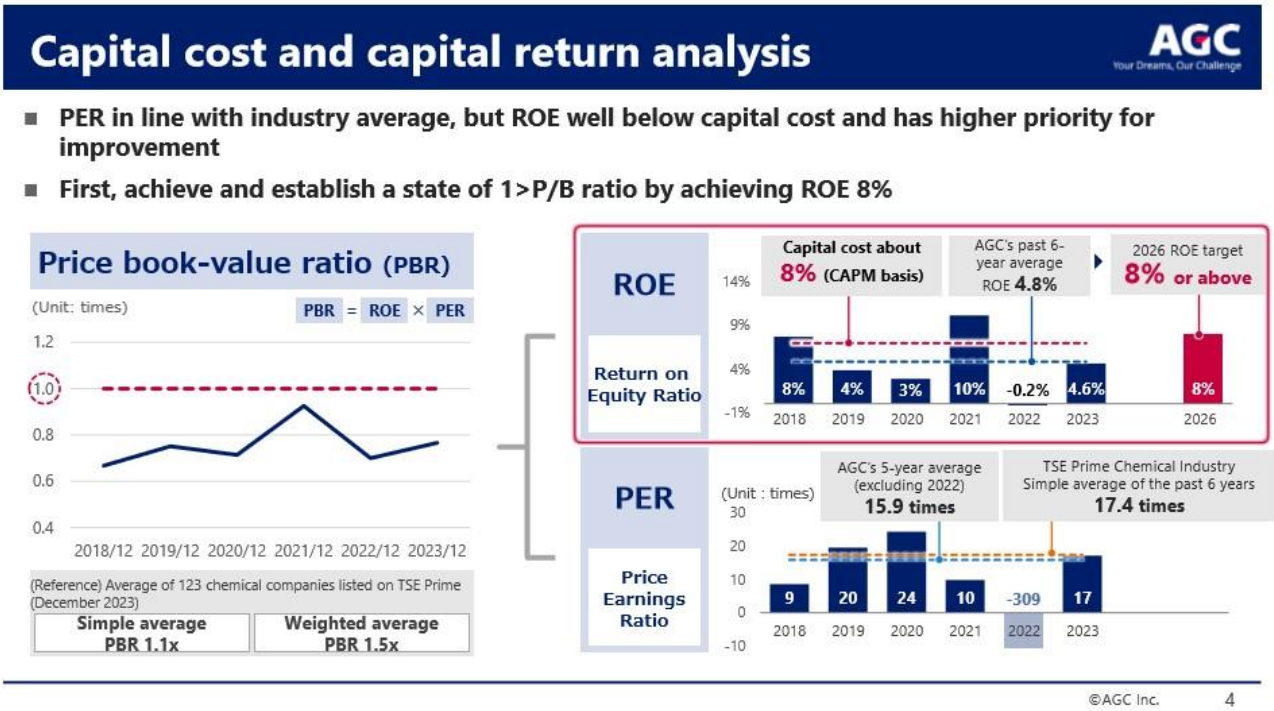


Here are AGC's status quo analysis, direction, and key strategies.

First, regarding our analysis of the current situation, we recognize that the AGC Group's major challenge right now is that ROE is not improving easily. As a result, P/B ratios have remained at levels not exceeding 1 time. We recognize that it is of utmost importance to improve this point.

In order to implement this, it is also necessary to accelerate the various measures we are currently undertaking and the transformation of our portfolio. However, it is of utmost importance to improve the profitability of each of our businesses, or to expand our businesses while maintaining a high level of profitability in our businesses. AGC's current cost of equity is about 8%, and we are particularly targeting an ROE that exceeds this 8% during the period of the mid-term management plan that we are currently executing.

I hope you will ask many questions about the major strategies in the presentations of individual projects. Overall, we will evolve ambidextrous management, deepen sustainability management, promote DX, and strengthen our management foundation.



I would like to provide more detailed information on capital cost and capital return.

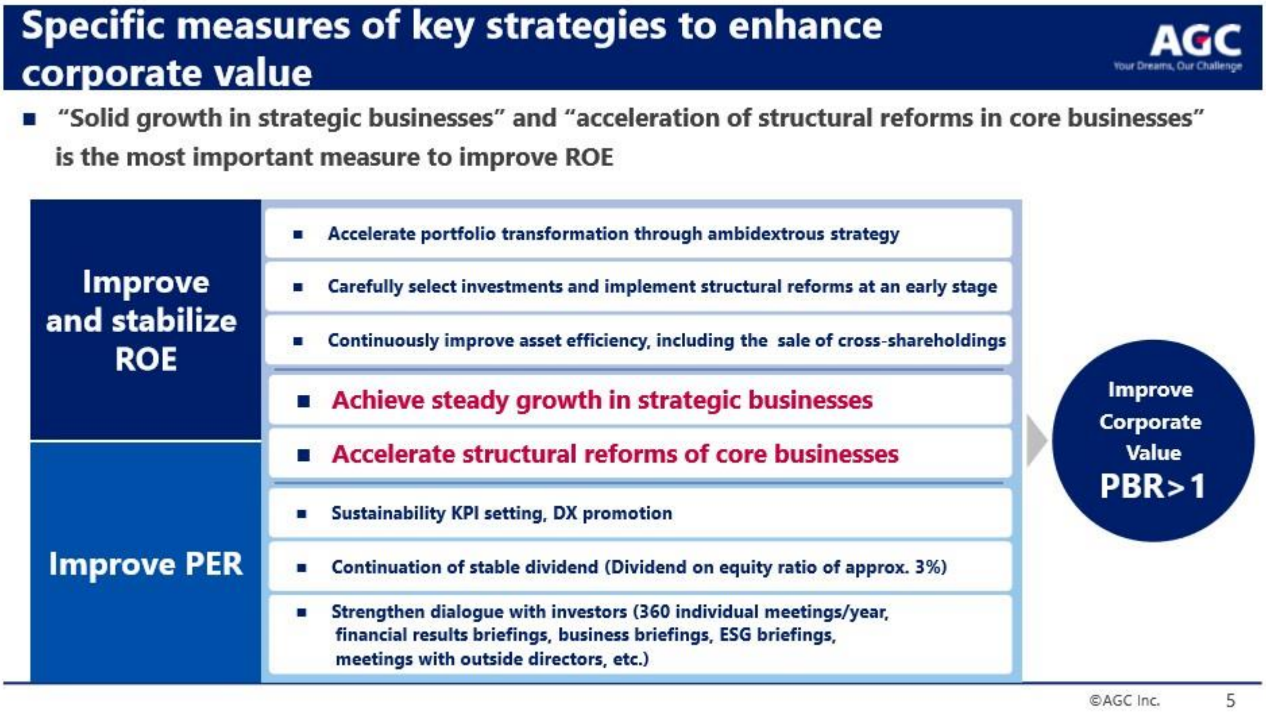
On the left is AGC's PBR. As explained earlier, it is permanently below 1 time.

This is broken down into ROE and PER in the figures on the right.

The average ROE over the past two mid-term management plan periods of six years was 4.8%, well below the cost of shareholders' equity of 8%.

On the other hand, the average PER over the past five years is 15.9 times, which is not too far behind the average of 17.4 times for Prime Market-listed companies over the last six years.

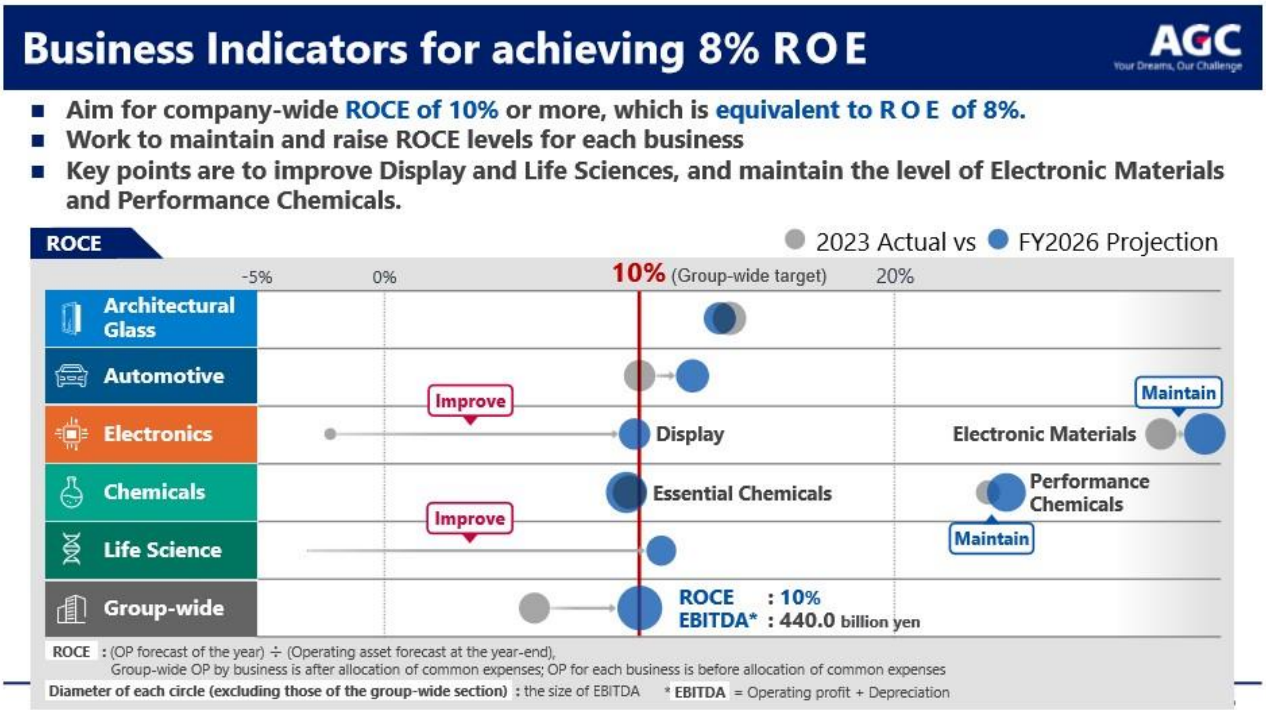
In order to improve PBR, it is important for us to improve ROE.



To achieve this, we especially need to improve and stabilize our ROE, as noted here.

In this regard, we need to ensure that our strategic businesses, in which we are investing heavily, grow.

In addition, there are still some core businesses that are facing challenges, and it is particularly necessary to improve profitability by accelerating structural reforms in these businesses.



This page shows the business indicators for achieving 8% ROE.

We use ROCE as one evaluation axis for individual businesses. To achieve group-wide ROE of 8%, ROCE should be roughly 10%. If we plot each business around this axis, we get what you see here. The size of the circle for each business represents EBITDA.

As you can clearly see, display and life science are now facing big negative figures in ROCE, and we need to improve this to 10% at all costs. It is very important to improve to that level by 2026, the final year of the medium-term management plan.

In addition, as you can see on the right, ROCE for electronic materials and performance chemicals, which we have positioned as strategic businesses, is now very high. We will further enlarge this circle to grow EBITDA, along with investing, but we will maintain and improve ROCE and further increase EBITDA.

This is a very important issue in the medium-term management plan that we are executing right now, and this is a very important slide.

Capital Allocation Policy

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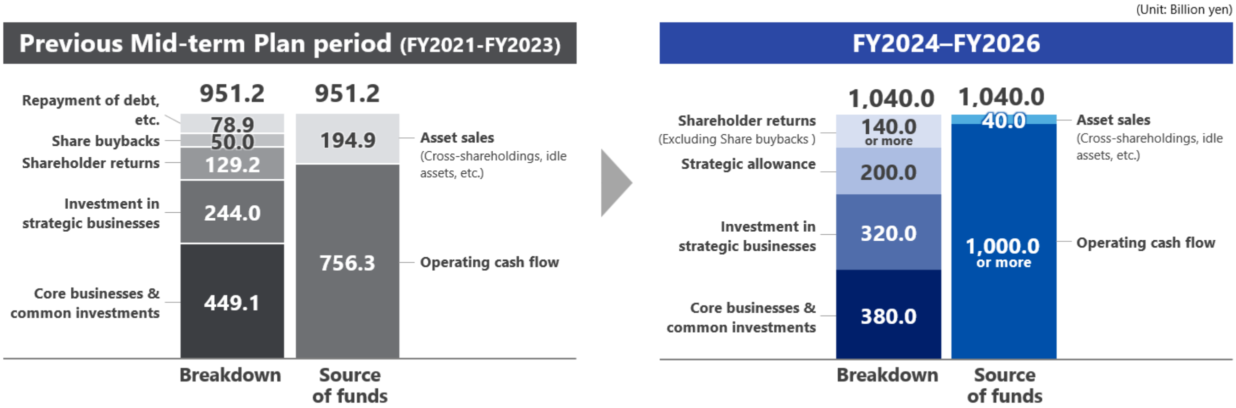
- Strategic investment budget will be set at 200 billion yen for proactive investment in strategic and growth businesses.
- Regarding shareholder returns, stable dividends will be maintained with a target of approx. 3% Dividend on Equity (DOE), and share buybacks will be determined based on a comprehensive consideration of investment projects, cash position and other factors.



This page shows the capital allocation in the medium-term plan.

The gray figure on the left is the capital allocation for the previous medium-term plan period, with the source and use of funds.

To the right is a breakdown of cash-in and cash-out, sources of funds and breakdown in the Three-Year Plan that began this year. If all goes well, operating cash flow will amount to more than JPY1 trillion, which will be used to invest in the uses listed on the left side.

We will slightly narrow down core business and common investments and invest more in strategic businesses.

As shown at the top, we also plan to increase dividends, excluding share buybacks, over the period of the previous medium-term management plan.

Furthermore, with this amount of cash inflow, we will have a buffer of about JPY200 billion, so we may invest in some very good investment projects that are not currently planned, as indicated as the strategic allowance. If we do not make this investment and if we have sufficient funds as a buffer, we will definitely consider putting them into share buybacks.

New Medium-term Management Plan *AGC plus-2026* : Financial KPIs

AGC
Your Dreams, Our Challenge

- We will continuously grow and evolve our businesses to achieve **stable ROE of 8% or higher**
- We will expand **strategic businesses** to account for the majority of **Group-wide** operating profit by 2026.

Financial KPIs	2023 (Actual)	2024 (Estimate)	2026	2030	2050
OP	128.8 billion yen	150.0 billion yen	**230.0** billion yen	**300.0** billion yen or higher	
Strategic Business OP	56.8 billion yen	80.0 billion yen	**130.0** billion yen	**190.0** billion yen or higher	
EBITDA*	304.1 billion yen	335.0 billion yen	440.0 billion yen		
ROE	4.6%	3.7%	8% or higher	10% or higher	
D/E Ratio	0.42	0.5 or less			

* EBITDA = Operating profit + Depreciation

This is the last slide.

The target operating profit or strategic business operating profit for 2026 is shown in the table. We aim to achieve an ROE of at least 8%, an EBITDA of at least JPY440 billion, and a D/E ratio of less than 0.5 while maintaining a certain degree of soundness.

As one step toward reaching the 2030 goals, we will achieve the 2026 goals at all costs. We would like to ask you shareholders for your continued support.

That is all for my explanation.

The presidents of both the automotive and architectural glass companies will be presenting today, and we appreciate your questions. Thank you very much.

Ogawa: Thank you, Mr. Miyaji.

[END]