



## **AGC Inc.**

Financial Results for FY2022 First Quarter

May 10, 2022

## Event Summary

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[Company Name]	AGC Inc.	
[Company ID]	5201-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results for FY2022 First Quarter	
[Fiscal Period]	FY2022 Annual	
[Date]	May 10, 2022	
[Number of Pages]	21	
[Time]	16:00 – 17:00 (Total: 60 minutes, Presentation: 22 minutes, Q&A: 38 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	3	
	Shinji Miyaji	Representative Director, Senior Executive Vice President, CFO
	Toshiro Kasuya	Executive Officer, General Manager of Finance & Control Division
	Chikako Ogawa	General Manager of Corporation Communications & Investor Relations Division

## Presentation

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**Ogawa:** It's time. We would now like to begin the AGC Inc. financial results announcement meeting for the first quarter of FY2022. I will be the moderator for this session. My name is Ogawa from the Corporate Communications and IR division.

We would like to introduce the speakers for today: Representative Director, Senior Executive Vice President, CFO, Shinji Miyaji, and Senior Executive Officer, General Manager of Finance and Control Division, Toshiro Kasuya. We have two speakers from AGC.

First of all, our CFO, Miyaji, will give you the overview of the first quarter of FY2022, after which we will proceed to the Q&A. We expect to close the meeting at 5:00 PM Tokyo time. Mr. Miyaji, the floor is yours.

### Key points for today



#### ■ Financial Results for 1Q FY2022 :

(YoY) [unit: 100 million JPY]

<b>Net Sales</b>	<b>4,727</b>	<b>(+791 )</b>
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<b>Operating profit</b>	<b>578</b>	<b>(+136 )</b>
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<b>Profit for the period Attributable to owners of the parent</b>	<b>305</b>	<b>(+17 )</b>
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- Despite the rising prices of fuels and raw materials, net sales and operating profit increased YoY owing to the rise in the sales prices of caustic soda, PVC and architectural glass, and the increased shipments of fluorochemical-related products.
- The strategic businesses grew steadily.
- Both net sales and operating profit reached record highs for a first quarter.

#### ■ Outlook for FY2022 :

(YoY) [unit: 100 million JPY]

<b>Net Sales</b>	<b>18,000</b>	<b>(+1,026 )</b>
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<b>Operating profit</b>	<b>2,100</b>	<b>(+38 )</b>
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- In view with the current uncertain socio-economic situation, no change was made from the forecast announced in February 2022.

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**Miyaji:** Good afternoon. This is Miyaji, the CFO. Please turn to page three, key points of today's presentation.

In the first quarter of 2022, despite the impact of rising raw material and fuel prices, sales prices for caustic soda, polyvinyl chloride (PVC), and architectural glass rose and shipments of fluorochemical-related products increased; as well as steady expansion of strategic businesses, resulting in net sales increase of JPY79.1 billion YoY at JPY472.7 billion and operating income increase of JPY13.6 billion YoY at JPY57.8 billion. Net income attributable to the owner of the parent was JPY30.5 billion, up JPY1.7 billion YoY.

Both sales and operating income reached record highs for a first quarter. The full year forecast for 2022 remains unchanged since the announcement in February of this year in view of the current uncertain social and economic conditions.

## Highlights of the Financial Results for 1Q FY2022 (cumulative)



		FY2021 1Q	FY2022 1Q	Change	Main factors in the change (+) Increasing factors (-) Decreasing factors
(100 million JPY)					
Net Sales		3,936	<b>4,727</b>	+ 791*	(+) Shipments of architectural glass, fluorochemicals-related products and electronic materials increased. (+) Sales price of Chlor-alkali products and architectural glass increased. (+) Weaker yen.
Operating Profit		442	<b>578</b>	+ 136	In addition to the above, (+) Manufacturing costs decreased as the utilization rate of fluorochemicals-related manufacturing facilities improved. (-) Increased in natural gas prices in Europe. (-) Depreciation expenses increased due to factors such as new facility launch for LCD glass substrate and electronic materials. (-) Manufacturing costs of display increased as affected by foreign exchange fluctuation.
Profit before tax		442	<b>544</b>	+ 102	In addition to the above, (+) FOREX gain was posted. (-) Business structure improvement costs was posted.
Profit for the period Attributable to owners of the parent		288	<b>305</b>	+ 17	
FOREX (Average)	JPY/USD	105.90	<b>116.20</b>		
	JPY/EUR	127.69	<b>130.39</b>		
Crude Oil (Dubai, Average)	USD/BBL	60.01	<b>95.57</b>		

\* FOREX impact was +21.7 billion JPY, change in the scope of consolidation was ▲8.2 billion JPY

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Please turn to page five.

For the first quarter in terms of sales, shipments of architectural glass, fluorochemical-related products, and electronic materials increased and sales prices of chlor-alkali products and architectural glass increased.

In addition, due to the impact of the depreciation of the Japanese yen, sales increased by JPY79.1 billion YoY. Operating income was up despite the rise in natural gas prices in Europe, the increase in depreciation costs associated with the launch of new equipment for LCD glass substrates and electronic materials, and the rise in display manufacturing costs due to the effect of exchange rates.

In addition to the factors mentioned earlier, the manufacturing cost was reduced due to the improvement in the operating rate of the fluorochemical-related manufacturing facilities, resulting in an increase in profit of JPY13.6 billion. Income before income taxes increased by JPY10.2 billion at JPY54.4 billion, between the recording of business structural improvement expenses in the European automobile glass as other expenses and foreign exchange gains and other income. Net income attributable to owners of the parent was JPY30.5 billion.

## YoY Performance Comparison by Business Segment



(100 million JPY)

	FY2021 1Q (a)		FY2022 1Q (b)		Change (b)-(a)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Glass *	1,806	95	1,976	40	+ 171	▲ 56
Electronics *	695	87	760	80	+ 64	▲ 7
Chemicals	1,373	255	1,922	452	+ 549	+ 197
Ceramics/Other	176	4	199	8	+ 22	+ 5
Elimination	▲ 115	1	▲ 130	▲ 2	▲ 15	▲ 3
Total	3,936	442	4,727	578	+ 791	+ 136

\*Figures for FY2021.1Q have been retroactively adjusted due to the transfer of a portion of the automotive display cover glass business from electronics to glass business.

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Next, the business performance by segment. Please turn to page six.

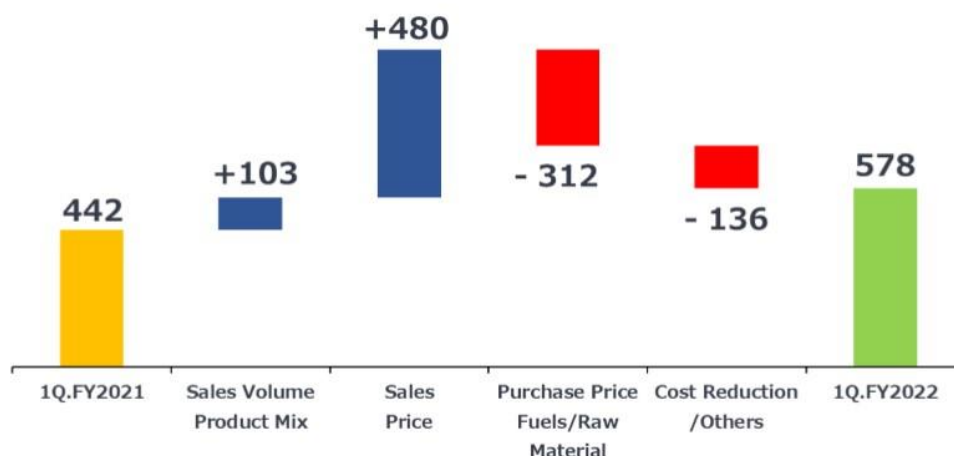
In the first quarter of 2022, Glass and Electronics recorded higher sales and lower profit, while both sales and profit increased for Chemicals.

## Variance analysis on OP (1Q.FY2022 vs. 1Q.FY2021)



**136 (100 million JPY) up from the same period last year**

(100 million JPY)



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Please turn to page seven.

Variance analysis of the operating income, a YoY comparison. Sales volume and product mix was plus JPY10.3 billion. Shipments of electronic materials, architectural glass, fluorochemical-related products, and life science products increased. Selling price plus JPY48 billion with a rise in sales prices for chlor-alkali products and architectural glass. Fuel and raw material cost minus JPY31.2 billion. In addition to rising natural gas prices in Europe, ethylene and electricity prices were higher.

Cost and others, minus JPY13.6 billion. Although manufacturing costs were reduced due to the improvement in the operating rate of the fluorochemical-related manufacturing facilities, depreciation costs in electronics increased, as a result of the above profit increase by JPY13.6 billion YoY to JPY57.8 billion compared with JPY44.2 billion in the previous year.

# Consolidated Statement of Financial Position



	(100 million JPY)		
	2021/12	2022/3	Change
Cash and cash equivalents	1,958	<b>2,384</b>	+ 426
Inventories	3,301	<b>3,653</b>	+ 352
Property, plant and equipment, Goodwill and Intangible assets	15,067	<b>15,604</b>	+ 537
Other assets	6,334	<b>6,571</b>	+ 237
<b>Total assets</b>	26,660	<b>28,212</b>	+ 1,552
Interest-bearing debt	6,032	<b>6,505</b>	+ 473
Other liabilities	5,815	<b>6,087</b>	+ 273
<b>Liabilities</b>	11,847	<b>12,593</b>	+ 746
Total equity attributable to owners of the parent	13,142	<b>13,806</b>	+ 664
Non-controlling interests	1,672	<b>1,813</b>	+ 141
<b>Equity</b>	14,814	<b>15,619</b>	+ 805
<b>Total liabilities and equity</b>	26,660	<b>28,212</b>	+ 1,552
<b>D/E ratio</b>	0.41	<b>0.42</b>	

Foreign exchange  
fluctuation  
+104 billion yen

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Please turn to page eight.

Next, the financial position comparing to the end of December 2021. Total assets were JPY2,821.2 billion, an increase of JPY155.2 billion from the end of December 2021. The impact of foreign exchange was plus JPY104 billion. The debt to equity ratio was 0.42.

## Consolidated Statement of Cash Flow



(100 million JPY)

1Q

	FY2021	FY2022
Profit before tax	442	<b>544</b>
Depreciation and amortization	386	<b>427</b>
Increase(decrease) in working capital	10	<b>▲ 266</b>
Others	75	<b>▲ 101</b>
<b>Cash flows from operating activities</b>	<b>913</b>	<b>603</b>
<b>Cash flows from investing activities</b>	<b>▲ 472</b>	<b>▲ 305</b>
<b>Free cash flow</b>	<b>440</b>	<b>298</b>
Changes in interest-bearing debt	4	<b>283</b>
Dividends paid	<b>▲ 133</b>	<b>▲ 289</b>
Others	<b>▲ 29</b>	<b>▲ 3</b>
<b>Cash flows from financing activities</b>	<b>▲ 158</b>	<b>▲ 8</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>50</b>	<b>136</b>
<b>Net increase in cash and cash equivalents</b>	<b>333</b>	<b>426</b>

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Please turn to page nine.

I would like to explain our cash flow statement for the first quarter of FY2022. Operating cash flow was JPY60.3 billion and investing cash flow was JPY30.5 billion. As a result, free cash flow was JPY29.8 billion.



## CAPEX, Depreciation and R&D

(100 million JPY)		
1Q		
	FY2021	FY2022
<b>CAPEX *</b>	540	<b>404</b>
Glass	113	<b>82</b>
Electronics	175	<b>166</b>
Chemicals	246	<b>156</b>
Ceramics/Other	6	<b>1</b>
Elimination	0	<b>▲ 2</b>
<b>Depreciation *</b>	386	<b>427</b>
Glass	137	<b>126</b>
Electronics	129	<b>163</b>
Chemicals	116	<b>133</b>
Ceramics/Other	5	<b>5</b>
Elimination	▲ 0	<b>▲ 0</b>
<b>R&amp;D</b>	118	<b>120</b>

### Main projects for CAPEX

- Repairment for Automotive glass furnace (Glass)
- Production facility enhancement for semiconductor-related products (Electronics)
- G11 investment in China (Electronics)
- Repairment for display glass furnace (Electronics)
- Capacity enhancement for fluorochemicals-related (Chemicals)
- Capacity enhancement for bio-pharmaceuticals (Chemicals)
- Capacity enhancement for PVC in Southeast Asia (Chemicals)
- etc.

### Main factors for increase in depreciation cost

- Production facility enhancement for electronic materials (Electronics)
- G11 investment in China (Electronics)
- etc.

\*Figures for FY2021.1Q have been retroactively adjusted due to the transfer of a portion of the automotive display cover glass business from electronics to glass business.

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Please refer to page 10.

Capital expenditure, depreciation, and R&D expenses are shown here. CAPEX for the first quarter of FY2022 was JPY40.4 billion, depreciation expenses were JPY42.7 billion, and R&D expenses were JPY12 billion.

Next, I will move on to the explanation by segment.

## Glass Segment



(100 million JPY)

	1Q FY2021	FY2022	Change
<b>Net sales**</b>	<b>1,806</b>	<b>1,976</b>	<b>+ 171*</b>
Architectural Glass	891	<b>1,038</b>	+ 147
Automotive Glass	908	<b>935</b>	+ 28
(Inter-segment)	7	<b>3</b>	
<b>Operating profit**</b>	<b>95</b>	<b>40</b>	<b>▲ 56</b>

\* FOREX impact: +9.8 billion yen,

Change in the Scope of Consolidation: ▲8.0 billion yen

\*\* Figures for FY2021.1Q have been retroactively adjusted due to the transfer of a portion of the automotive display cover glass business from electronics to glass business.

### Variance Analysis on OP

(100 million JPY)



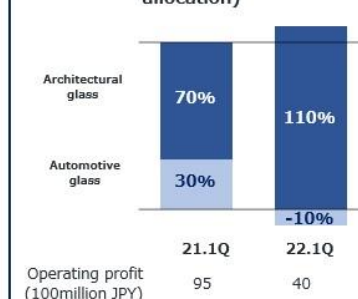
#### [ Architectural glass ]

- Shipments increased in all regions except South America.
- The rise in the sales prices in all regions, particularly in Europe, offset the decrease of income due to transfer of architectural glass business in North America.
- Natural gas prices increased in Europe.

#### [ Automotive glass ]

- Despite the shortage of components such as semiconductor, net sales increased thanks to the impact of sales mix and the weaker yen.
- Manufacturing costs increased due to factors such as higher fuel and raw materials prices and lower utilization of manufacturing facility.

#### Ratio of sub-segment to the operating profit (before common expense allocation)



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Please refer to page 12.

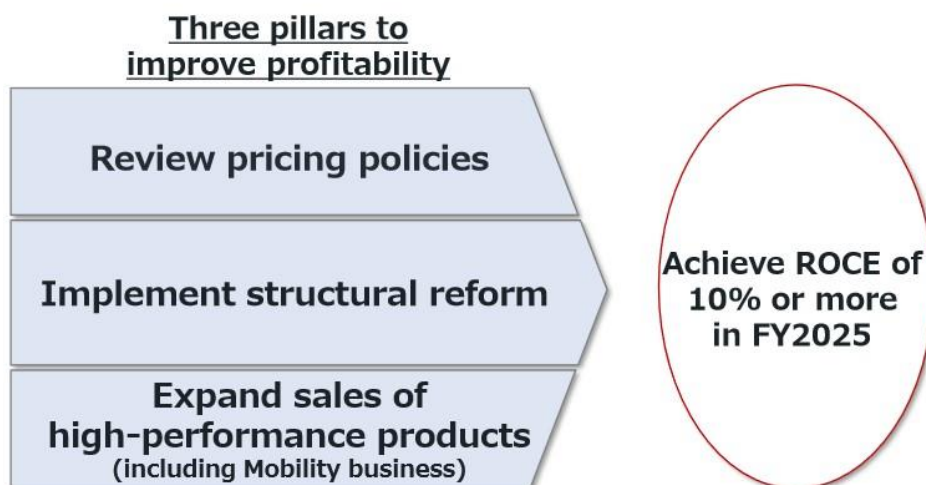
First, let's look at the Glass segment. In the first quarter of FY2022, net sales were JPY197.6 billion and operating income was JPY4 billion, an increase of JPY17.1 billion in sales and decrease of JPY5.6 billion in profit compared to the same period last year. Architectural glass increased by JPY14.7 billion to JPY103.8 billion due to an increase in shipments in all regions, except South America, and higher sales prices in all regions, especially in Europe, despite a decrease in sales due to the transfer of the North American architectural glass business.

Automotive glass sales increased by JPY2.8 billion to JPY93.5 billion due to the sales mix and the weaker yen. Despite a decrease in shipments due to the impact of inadequate components, including semiconductor shortages, operating income decreased compared with the same period of the previous year due to higher raw material and fuel costs such as natural gas in Europe and an increase in manufacturing costs for auto glass due to decline in the utilization rate despite the factors contributing to the increase in sales mentioned above.

The proportion of operating income of the Glass segment to total sales was 110% for architectural glass and minus 10% for Auto glass.

## Reference: Measures to Improve Automotive Glass Profitability

- Strongly enforce a review on the pricing policies in the automotive glass business globally
- Promoted measures to improve profitability on a global basis
- Focus on high-performance, high-value-added products rather than aiming to expand the sales volume.



Please refer to page 13.

With regard to the automotive glass profits as a pressing issue for our management, we will take further measures to address this issue. Specifically, we would like to promote pricing policy, structural reforms, and aim for more higher performance products. These are the major pillars of our measures.

In terms of pricing policy in response to the rising price of raw materials and fuel since September last year, we have been negotiating for price hikes in all regions of the world and have already achieved price hikes in some areas.

However, the price hikes have not yet been sufficient to absorb the increase in raw materials and fuel prices. We are far from being able to ensure the sustainability of our business. We will make further efforts to revisit the pricing strategy and attempt to improve our profits further.

In structural reforms, we are promoting this in global, including the consolidation and elimination of production bases and lines. We will accelerate efforts in Europe, in particular, where we have more issues.

I would like to give you the details in the following pages.

In terms for adding for more high-performance products, which is expected to expand due to CASE and EVs, we would like to market for head-up displays and also large-size dimmable roof classes, 5G antenna glass, and other exterior glass products for autos. We will also focus on interior glass products such as car display cover glass.

By steadily implementing these measures, we aim to achieve ROCE of 10% or higher by 2025.

## Reference: Initiatives in Automotive Glass in Europe



- Strongly enforce a review on the pricing policies in response to high raw materials and fuel prices
- Decided to reduce the production capacity by approx. 30%\* by FY2025 through consolidation of production bases and production lines
- Aiming to return to profitability by FY2023

### Structural reforms in Europe



\* : vs FY2021

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Please refer to page 14.

I would like to explain our efforts to improve the profitability of the automotive glass in Europe. In Europe, as explained in the previous page, we will implement the pricing policy and also seek for higher performance products.

As far as the structural reforms are concerned, we will conduct further consolidation. In terms of the production capability by 2025 in comparison to 2021, we will reduce the capacity by approximately 30%. By steadily implementing these measures, we aim to make European automotive glass profitable by 2023.

## Electronics Segment



(100 million JPY)

	1Q		
	FY2021	FY2022	Change
<b>Net sales **</b>	695	<b>760</b>	+ 64*
Display	461	<b>450</b>	▲ 11
Electronic Materials	230	<b>304</b>	+ 74
(Inter-segment)	4	<b>5</b>	
<b>Operating profit**</b>	87	<b>80</b>	▲ 7

\* FOREX impact: +1.9billion yen,

Change in the Scope of Consolidation: +0.7 billion yen

\*\* Figures for FY2021.1Q have been retroactively adjusted due to the transfer of a portion of the automotive display cover glass business from electronics to glass business.

### Variance Analysis on OP

(100 million JPY)



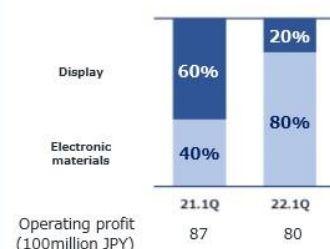
#### [ Display ]

- Shipments of LCD glass substrates and specialty glass for display applications decreased.
- Depreciation expenses increased because of the new facility launch for LCD glass substrates.
- Manufacturing costs increased as affected by higher fuel & raw materials prices and foreign exchange fluctuations.

#### [ Electronic materials ]

- Shipments of semiconductor-related products such as EUV mask blanks, optoelectronic materials and circuit board materials increased.
- Depreciation expenses increased because of the new facility launch for electronic materials products.

#### Ratio of sub-segment to the operating profit (before common expense allocation)



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Please turn to page 15.

Next is the Electronics segment. In the first quarter of 2022, sales totaled JPY76 billion and operating profit totaled JPY8 billion. YoY sales increased by JPY6.4 billion and profit was down JPY700 million. As for displays, shipments of LCD substrates and specialty glass for display decreased, resulting in JPY1.1 billion decrease YoY at JPY45 billion. Shipment of LCD glass substrates decreased by a lower single-digit percent QoQ. The selling price was higher by a lower single-digit percent QoQ due to tighter supply and demand.

For shipments in electronics materials, including semiconductor-related products such as EUV photo mask blanks and optoelectronic components and CCL increasing. Sales increased by JPY7.4 billion YoY at JPY30.4 billion.

As for operating income, despite the factors that increased sales as mentioned earlier, due to the launch of new equipment for LCD glass substrate and electronics materials manufacturing as well as increase in depreciation and the effects of higher fuel and raw material prices and foreign exchange, profit decreased by JPY700 million YoY at JPY8 billion. The operating income composition for this segment was 20% displays and 80% electronics materials.



## Chemicals Segment

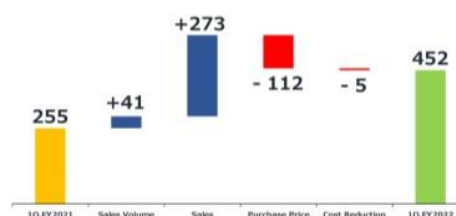


(100 million JPY)

	1Q		
	FY2021	FY2022	Change
<b>Net sales</b>	<b>1,373</b>	<b>1,922</b>	<b>+ 549*</b>
Chlor-alkali & Urethane	822	<b>1,217</b>	+ 395
Fluorochemicals & Specialty	269	<b>356</b>	+ 87
Life science	279	<b>345</b>	+ 66
(Inter-segment)	3	<b>4</b>	
<b>Operating profit</b>	<b>255</b>	<b>452</b>	<b>+ 197</b>

\* FOREX impact: +9.6 billion yen,  
Change in the Scope of Consolidation: ▲0.9 billion yen

Variance Analysis on OP  
(100 million JPY)



### ( Chlor-alkali/urethane )

- Sales prices of caustic soda and PVC increased.

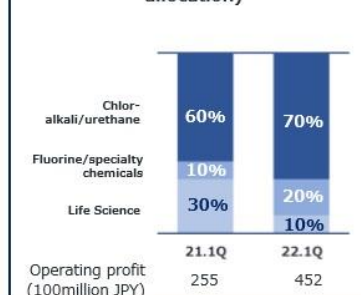
### ( Automotive glass )

- Shipments of fluorochemical-related products for automotive and semiconductor applications and other products increased significantly.

### ( Life science )

- The number of contracts of synthetic pharmaceuticals and agrochemicals CDMO increased.
- The number of contracts of bio-pharmaceuticals CDMO increased with the addition of anti-coronavirus applications.

Ratio of sub-segment to the operating profit (before common expense allocation)



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Please turn to page 16, the Chemical segment.

In the first quarter of 2022, net sales were JPY192.2 billion and operating income was JPY45.2 billion, an increase of JPY54.9 billion in sales and an increase of JPY19.7 billion in profit. Sales of chlor-alkali and urethane increased by JPY39.5 billion YoY to JPY121.7 billion due to the rise in sales price of caustic soda and PVC.

Fluorochemical and specialty sales increased by JPY8.7 billion YoY to JPY35.6 billion due to a big increase in shipments of fluorochemical-related products for semiconductors and automobiles. Life Science sales increased by JPY6.6 billion YoY to JPY34.5 billion due to increasing contracts for synthetic pharmaceuticals and agrochemicals, and an increase in contracts for biopharmacy including new coronavirus-related products. Operating income increased by JPY19.7 billion YoY at JPY45.2 billion. The operating income composition of the Chemical segment was 70% chlor-alkali and urethane, 20% fluorochemical and specialty, and 10% Life Sciences roughly.

Life Sciences profit margin declined YoY. This was due to a large increase in profits in the Chemical segment as a whole due to factors such as the reaction to the concentration of high-margin projects in the first quarter of last year and the timing of the cost that was generated in relation to the facilities. The Life Sciences business itself continued to perform strongly and there are no concerns. The profit contribution percentage-wise decreased, but the business itself is continuing to grow, so we have no reason to be worried into the future.

Let me supplement the market conditions for caustic soda and PVC in Southeast Asia. In the first quarter of 2022, caustic soda market remained high. PVC prices peaked in the fourth quarter of last year, then softened. In addition, PVC spread shrank slightly due to the rise in ethylene prices, but the favorable market conditions continue for chlor-alkali overall.

## Profit contribution of Strategic business

### ■ OP growing steadily



Please turn to page 18.

Performance of the Strategic businesses. Overall, Strategic businesses sales for the first quarter were JPY71.3 billion and operating income was JPY14.1 billion, up JPY15.8 billion in sales and up JPY2.8 billion in profit. We are steadily expanding our businesses centering on Electronics and Life Sciences.

## YoY Performance Comparison by Geographic Segment



	1Q		(100 million JPY)
	FY2021	FY2022	Change
<b>Net sales</b>	3,936	<b>4,727</b>	+ 791
Japan &Asia	2,570	<b>3,127</b>	+ 557
Americas	426	<b>456</b>	+ 30
Europe	939	<b>1,143</b>	+ 204
<b>Operating profit</b>	442	<b>578</b>	+ 136
Japan &Asia	376	<b>601</b>	+ 225
Americas	37	<b>23</b>	▲ 14
Europe	119	<b>48</b>	▲ 71
Cross-regional common expenses	▲ 90	▲ <b>94</b>	▲ 4

FOREX impact :  
+21.7 billion JPY  
Change in the scope of consolidation :  
▲8.2 billion JPY

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Please turn to page 19.

I will now explain the results by region compared to the first quarter of 2022 with the same period of the previous year.

In Japan and Asia, although shipments of glass for automotives and glass substrates for LCDs decreased, sales and income increased due to higher sales prices of caustic soda and PVC, and increased shipments of architectural glass, optoelectronics and mask blanks for EUV lithography such as parts for semiconductor-related products.

In the Americas, despite a decrease in sales due to the transfer of the Architectural Glass business in North America, sales prices of architectural glass in South America increased and the CDMO business of biopharmaceutical products increased.

On the other hand, fixed costs increased due to capacity expansion of biopharmaceuticals, resulting in an increase in sales and decrease in profit.

In Europe, despite higher sales prices and increased shipments of architectural glass, due to higher prices for raw materials and fuel, resulting in an increase in sales and decrease in profit.



		(100 million JPY)	
		FY2021	FY2022e
<b>Net sales</b>		16,974	<b>18,000</b>
	(First half)	8,113	8,700 )
<b>Operating profit</b>		2,062	<b>2,100</b>
	(First half)	952	950 )
<b>Profit before tax</b>		2,100	<b>1,970</b>
<b>Profit for the year attributable to owners of the parent</b>		1,238	<b>1,150</b>
<b>Dividend (JPY/share)</b>		210	<b>210</b>
	(Ordinary 160)		
	(Special 50)		
<b>Operating profit margin</b>		12.1%	11.7%
<b>ROE</b>		10.2%	8.8% *
<b>FOREX (Average)</b>	<b>JPY/USD</b>	109.8	115.0
	<b>JPY/EUR</b>	129.9	129.0
<b>Crude Oil (Dubai, Average)</b>	<b>USD/BBL</b>	69.2	80.0
<b>Ethylene (CFR SEA)</b>	<b>USD/MT</b>	1,141	1,070

\* ROE of FY2022e is calculated using the figures of Profit for the year attributable to owners of the parent as of Dec 31, 2021.

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Please turn to page 21.

I would now like to explain the full-year forecast for the year ending December 31, 2022.

Although the first-quarter results were favorable, we have not changed our forecast for operating results and dividends, which were announced in February 2022. In light of the current international and economic situation, raw materials and fuel prices, foreign exchange rate trends, and other factors make the outlook for the future extremely uncertain.

We forecast net sales of JPY1.8 trillion, operating income of JPY210 billion, and net income attributable to owners of the parent of JPY115 billion. No changes have been made to the assumptions for FOREX and crude oil prices.

## Outlook breakdown by Segment (Net sales and Operating profit)



(100 million JPY)

	FY2021		FY2022e		Change	
	(a)		(b)		(b)-(a)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Glass *	7,343	273	7,650	360	+ 307	+ 87
Electronics *	3,050	368	3,450	420	+ 400	+ 52
Chemicals	6,308	1,388	6,600	1,300	+ 292	▲ 88
Ceramics/Other	794	35	800	20	+ 6	▲ 15
Elimination	▲ 520	▲ 2	▲ 500	0	+ 20	+ 2
Total	16,974	2,062	18,000	2,100	+ 1,026	+ 38

\*Figures for FY2021.1Q have been retroactively adjusted due to the transfer of a portion of the automotive display cover glass business from electronics to the automotive glass business.

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Please refer to page 22.

Full-year forecast by segment for FY2022 remains unchanged from the initial forecast.

Outlook for FY2022	
<b>Glass</b>	<p><b>(Architectural glass)</b></p> <ul style="list-style-type: none"> <li>Steady performance is expected as a good supply-demand balance will continue mainly in Europe.</li> <li>Impacts of a fuel price hike will be a concern.</li> </ul> <p><b>(Automotive glass)</b></p> <ul style="list-style-type: none"> <li>Global vehicle production will gradually recover from the component supply shortages including semiconductor.</li> <li>Impacts of a fuel price hike will be a concern.</li> </ul>
<b>Electronics</b>	<p><b>(Display)</b></p> <ul style="list-style-type: none"> <li>Shipments of LCD glass substrates will increase mainly for China.</li> <li>Shipments of specialty glass for display applications will remain robust.</li> </ul> <p><b>(Electronic materials)</b></p> <ul style="list-style-type: none"> <li>Shipments of semiconductor-related products and optoelectronics materials will increase.</li> <li>Shipments of circuit board materials will increase due to the growth of the communication infrastructure and the in-vehicle market.</li> </ul>
<b>Chemicals</b>	<p><b>(Chlor-alkali/urethane)</b></p> <ul style="list-style-type: none"> <li>Shipments will increase as the PVC manufacturing facilities in Indonesia starts operations.</li> <li>The chlor-alkali market will be softening gradually after the surge in 2021 but will remain high.</li> </ul> <p><b>(Fluorine/specialty chemicals)</b></p> <ul style="list-style-type: none"> <li>Shipments will increase following the strong demand mainly for semiconductor/automotive applications.</li> </ul> <p><b>(Life science)</b></p> <ul style="list-style-type: none"> <li>Shipments of both synthetic pharmaceuticals CDMO &amp; agrochemicals and bio-pharmaceuticals CDMO will increase because of the capacity increase.</li> </ul>

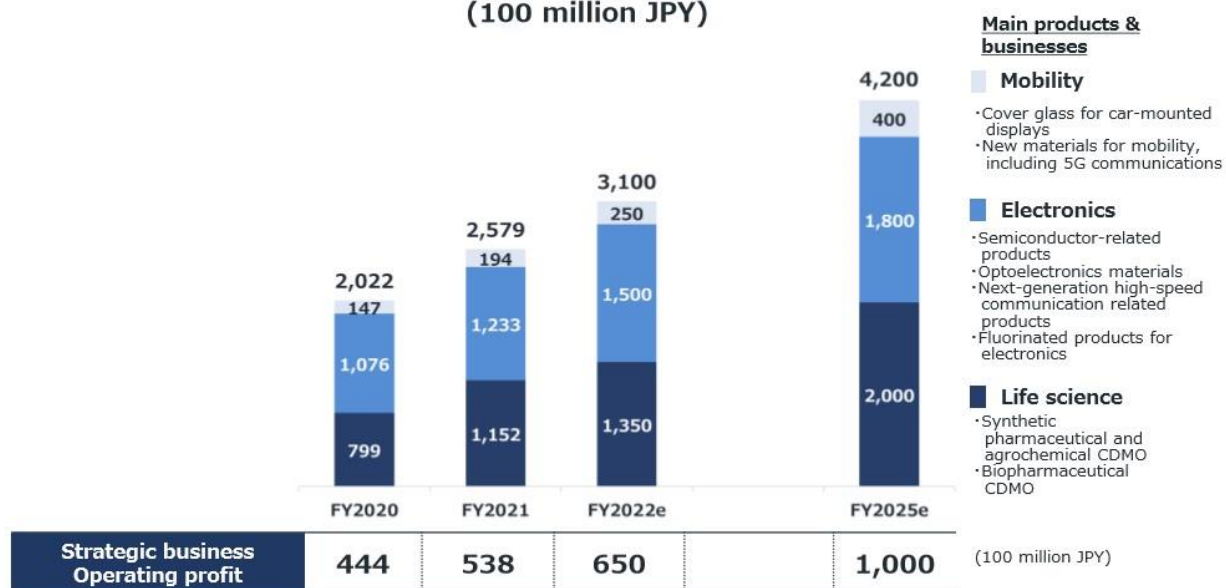
Please refer to page 23.

Outlook by business segment, likewise, no change from the initial forecast.

## Profit contribution of Strategic business

- Strategic businesses are expected to grow steadily.

### Sales of Strategic businesses (100 million JPY)



Please refer to page 24.

Also, there is no change in the initial forecast for our strategic businesses. We see a steady increase in the performance. We expect net sales of JPY310 billion, and operating income of JPY65 billion for FY2022.

## CAPEX, Depreciation and R&D

(100 million JPY)  
Full year

	FY2021	FY2022e
<b>CAPEX *</b>	2,165	<b>2,800</b>
Glass	509	<b>500</b>
Electronics	696	<b>880</b>
Chemicals	942	<b>1,400</b>
Ceramics/Other	22	<b>20</b>
Elimination	▲ 3	▲ 0
<b>Depreciation *</b>	1,668	<b>1,800</b>
Glass	546	<b>540</b>
Electronics	603	<b>680</b>
Chemicals	500	<b>560</b>
Ceramics/Other	20	<b>20</b>
Elimination	▲ 1	▲ 0
<b>R&amp;D</b>	494	<b>540</b>

**【Main projects for CAPEX】**

- Capacity enhancement of Electronic materials (Electronics)
- Repairment for display glass furnace (Electronics)
- Capacity enhancement of PVC in Southeast Asia (Chemicals)
- Capacity enhancement on fluorochemical (Chemicals)
- Capacity enhancement of bio pharmaceutical (Chemicals)

etc.

\*Figures for FY2021.1Q have been retroactively adjusted due to the transfer of a portion of the automotive display cover glass business from electronics to the automotive glass business.

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Please refer to page 25.

CAPEX, depreciation, R&D expenses unchanged from the initial forecast. CAPEX for the full year expected to be JPY280 billion, depreciation expenses JPY180 billion, and R&D expenses expected to be JPY54 billion. There has been a significant increase in CAPEX in comparison to the previous year, and I would like to make additional explanation.

## Reference: Significant capacity increase in the chlor-alkali business in Thailand

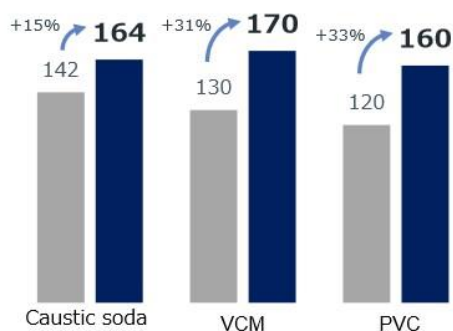


- 100 billion yen or more investment, the largest ever made by the company.
- Further strengthening our position in Southeast Asia.
- Steadily capturing demand in Southeast Asia, which is growing at 4% per year.

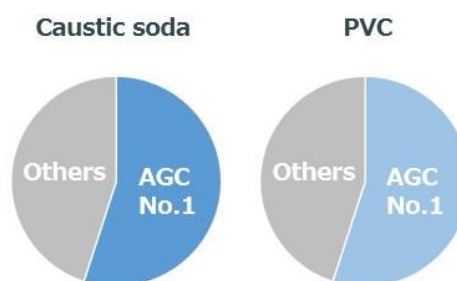
### Southeast Asia Chlor-Alkali Production Capacity

■ 2022 ■ 2025

(Unit: 10,000t)



### Market share based on production capacity in Southeast Asia (after expansion)



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Please turn to page 26. This is the last slide.

On May 6, we announced a major enhancement of the capacity of our chlor-alkali business in Thailand. I would like to give you an overview for this expansion.

AGC has decided to increase the capacity of its two bases in Thailand through AGC Vinythai, a new company integrating its chlor-alkali business in the Indochina Peninsula. The total investment is expected to exceed JPY100 billion, making this the largest ever investment by the AGC Group.

As a result of this enhancement, our caustic soda production capacity in Southeast Asia will be increased by 15% and our PVC monomer and PVC resin production capacity will increase by more than 30%. The group share of caustic soda and PVC resin production capacity in the region will increase from approximately 50% to higher and more of a solid position as a market leader.

In Southeast Asia, demand for caustic soda and PVC is expected to grow at an annual rate of about 4% as the region's economy grows and infrastructure investment expands. In this growing market, we will leverage our strong market presence to steadily capture growing demand.

This concludes my presentation. Thank you very much.

[END]