

**Progress of the AGC Group  
Medium-term Management Plan  
*“AGC plus-2023”***

The AGC logo consists of the letters 'AGC' in a bold, blue, sans-serif font. A small red square is positioned to the right of the letter 'C'.

**AGC Inc.**

February 8, 2023

Your Dreams, Our Challenge

# AGC plus-2023 Financial Targets

- The FY 2023 figures, except for ROE, will significantly exceed the financial targets announced in 2021; however, the operating profit and ROE targets, revised upwardly last year, are not expected to be achieved.

	FY2021 Actual	FY2022 Actual	FY2023 Forecast	Reference	
				FY2023 Target (2021/2/5)	FY2023 Target (2022/2/8)
<b>Operating Profit</b>	<b>206,2 billion JPY</b>	<b>183,9 billion JPY</b>	<b>190,0 billion JPY</b>	<b>160,0 billion JPY</b>	<b>230,0 billion JPY</b>
<b>ROE</b>	<b>10 %</b>	<b>-</b>	<b>6.3% *</b>	<b>8%</b>	<b>10 %</b>
<b>Strategic Business OP</b>	<b>53,8 billion JPY</b>	<b>70,9 billion JPY</b>	<b>80,0 billion JPY</b>	<b>70,0 billion JPY</b>	<b>80,0 billion JPY</b>
<b>D/E Ratio</b>	<b>0.41</b>	<b>0.41</b>	<b>0.5 or less</b>	<b>0.5 or less</b>	<b>0.5 or less</b>

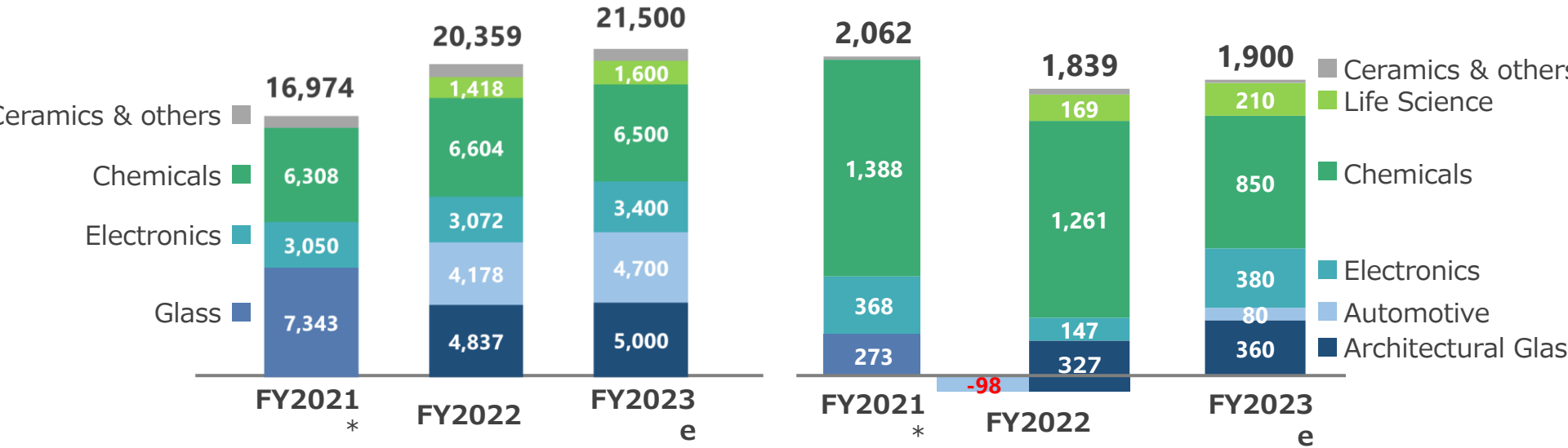
# AGC plus-2023 Key issues by Segment

	<u>Business</u>	<u>Key issues*</u>	<u>FY2023</u>
<b>Strategic business</b>	<b>Electronics</b>	<ul style="list-style-type: none"> <li>• Expand value-added products including EUV mask blanks</li> <li>• Constantly generate new businesses</li> </ul>	<b>Continue to expand high value-added products and Printed circuit board materials to improve earnings drastically</b>
	<b>Life Science</b>	<ul style="list-style-type: none"> <li>• Expand business through timely investments</li> <li>• Achieve high growth based on the Group's global operations and technical-support capabilities</li> </ul>	<b>Continue to invest aggressively in line with market growth</b>
	<b>Mobility</b>	<ul style="list-style-type: none"> <li>• Steadily capture business opportunities amid market changes in the CASE era</li> <li>• Start the mass production of car-mounted display glass in China to contribute to profit increase</li> </ul>	<b>Grow business with a focus on cover glass for car-mounted displays</b>
<b>Core business</b>	<b>Display</b>	<ul style="list-style-type: none"> <li>• Respond to the continuing demand increase in the Chinese market to build a long-term stable business foundation</li> </ul>	<b>Improve earnings drastically</b>
	<b>Essential Chemicals</b>	<ul style="list-style-type: none"> <li>• Further strengthen the business foundation in S.E. Asia through capacity enhancement in Thailand and Indonesia</li> </ul>	<b>Continue to strengthen competitiveness in Southeast Asia</b>
	<b>Performance Chemicals</b>	<ul style="list-style-type: none"> <li>• Capture the demand in global niche markets by adding value to products and domain expansion</li> <li>• Change environmental challenges to business opportunities</li> </ul>	<b>Expand business aggressively to meet demand growth</b>
	<b>Architectural Glass</b>	<ul style="list-style-type: none"> <li>• Structural reforms toward the industrial realignment</li> <li>• Minimize investments and integrate production to increase asset efficiency</li> </ul>	<b>Continue to build resilience to market fluctuations</b>
	<b>Automotive</b>	<ul style="list-style-type: none"> <li>• Steadily pursuing productivity improvement and cost reduction to improve profitability and capability for cash generation</li> </ul>	<b>Continue to implement aggressive pricing policies and improve production efficiency</b>

# AGC plus-2023 Performance by Segment

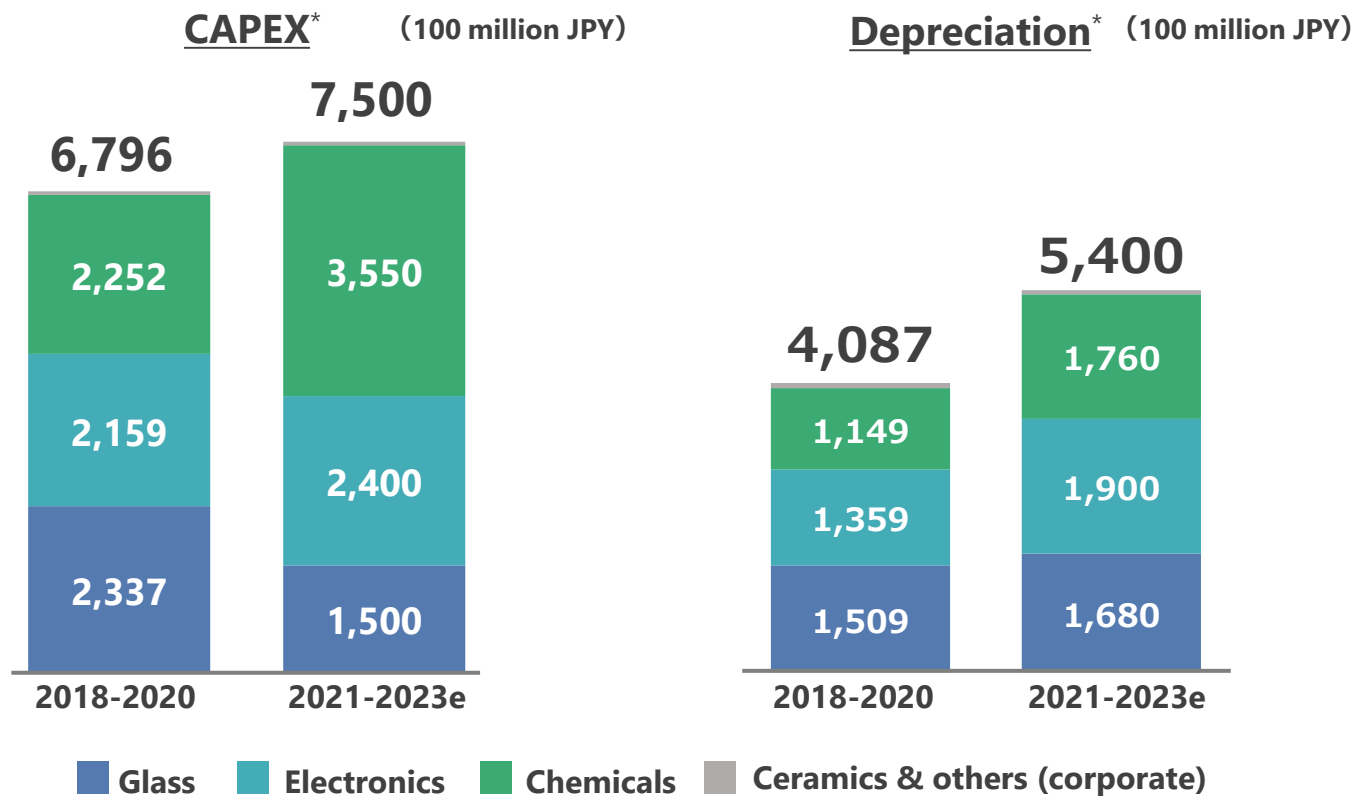
## Net Sales (100 million JPY)

## Operating Profit (100 million JPY)



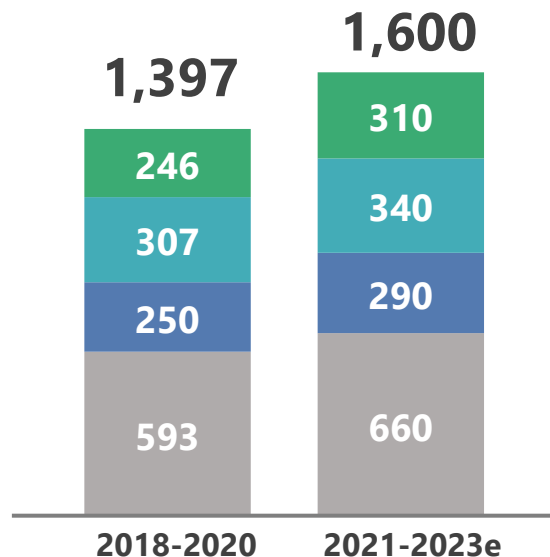
\*2021 is shown in the former segment

# AGC plus-2023 CAPEX/Depreciation

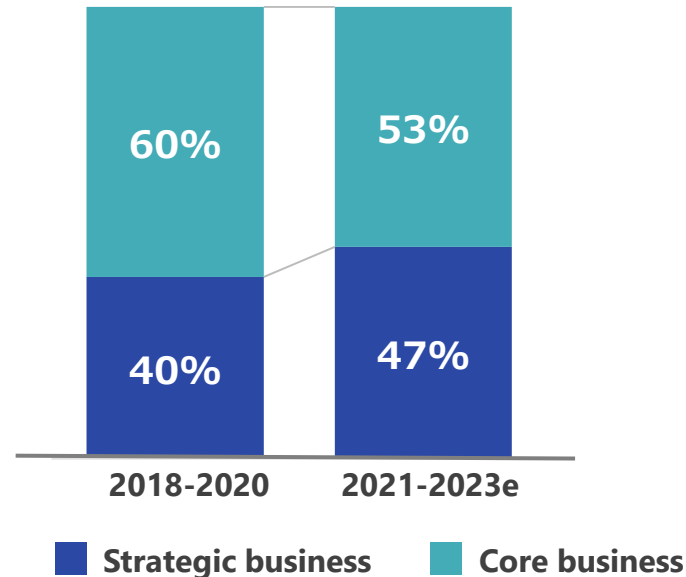


\* Shown in the former segment as it is the cumulative total of the medium-term management plan from 2021 to 2023

R&D\* (100 million JPY)



Ratio of R&D



■ Glass 
 ■ Electronics 
 ■ Chemicals 
 ■ Ceramics & others (corporate)

■ Strategic business 
 ■ Core business

\* Shown in the former segment as it is the cumulative total of the medium-term management plan from 2021 to 2023

# ROCE by Segment (To-be image)

- Maintain the group-wide ROCE at **10% or higher**

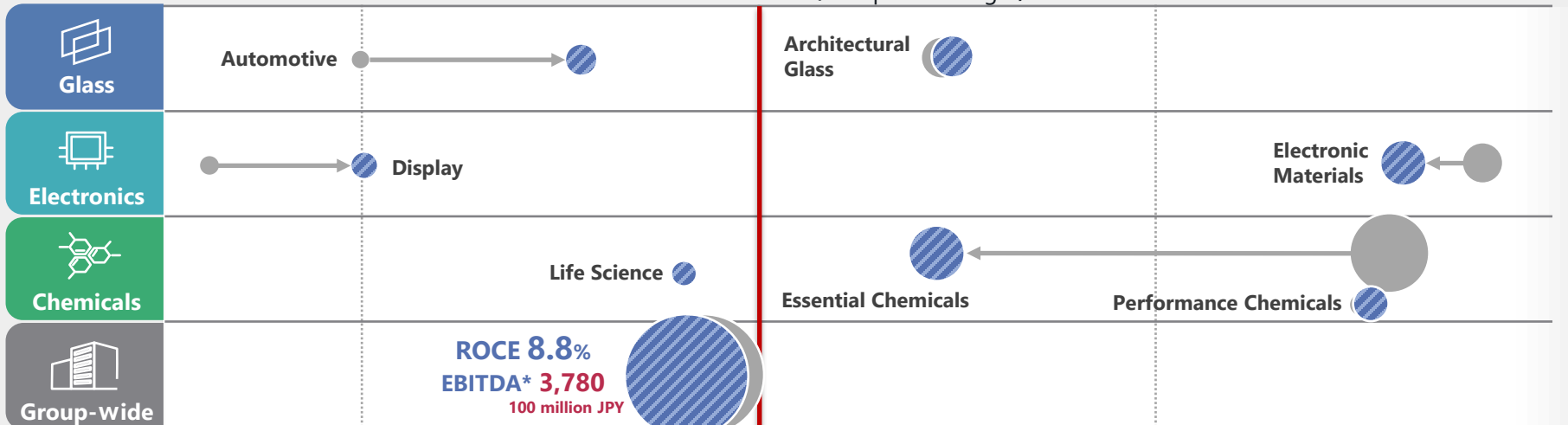
ROCE [ ● 2022 Actual vs ● 2023 Forecast ]

-5%

0%

**10%** (Group-wide target)

20%



ROCE = (OP forecast of the year) ÷ (Operating asset forecast at the year end), OP by business is before allocation of common expenses

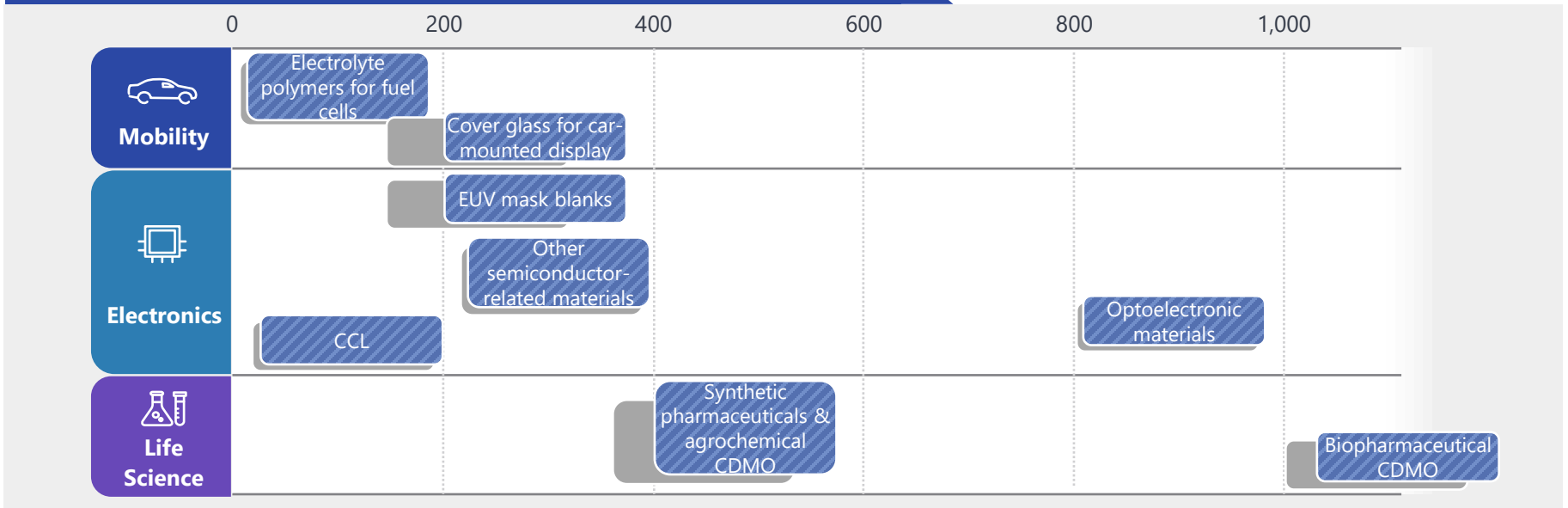
Diameter of each circle (excluding those of the group-wide section) : the size of EBITDA

\* EBITDA = Operating profit + Depreciation

# Strategic business: Product sales outlook

- In 2023, Optoelectronics materials will level off, but Life science and EUV mask blanks, glass for car-mounted displays will expand, and overall Strategic businesses will continue to expand steadily.

Sales Scale (100 million JPY) [■ 2022 Actual vs ▨ 2023 Forecast]

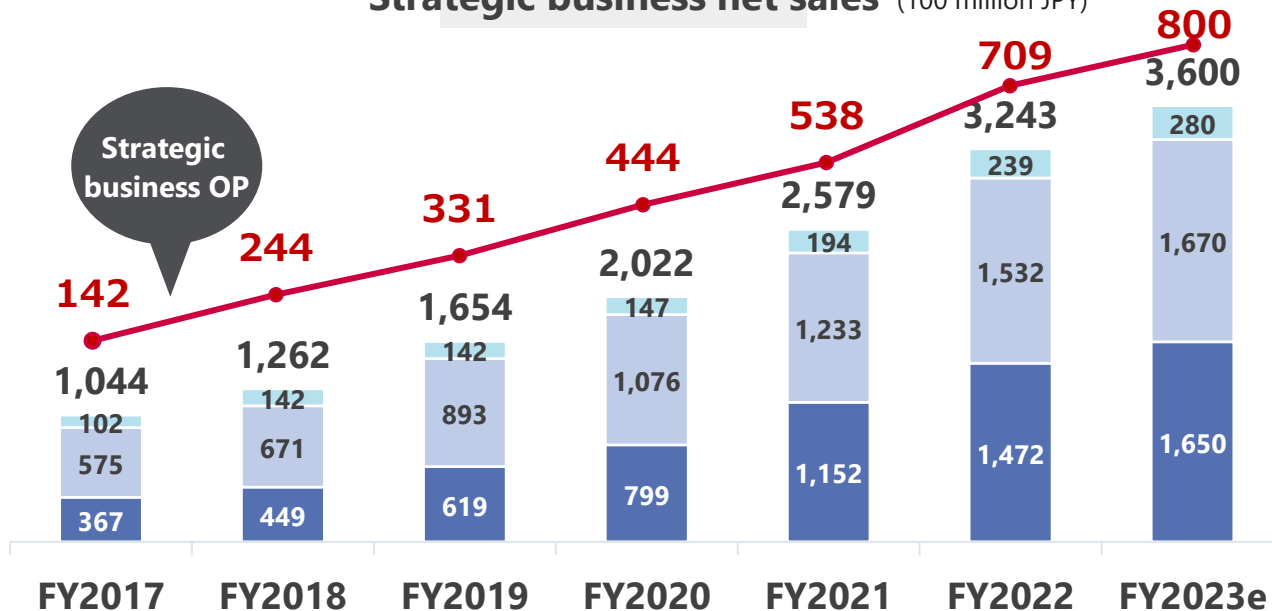




# Outlook for Strategic businesses

- The Strategic businesses are expected to grow steadily.

Strategic business net sales (100 million JPY)



## Main products & businesses

### Mobility

- Cover glass for car-mounted displays
- New materials for mobility, including 5G communications

### Electronics

- Semiconductor-related products
- Optoelectronics materials
- Next-generation high-speed communication related products
- Fluorinated products for electronics

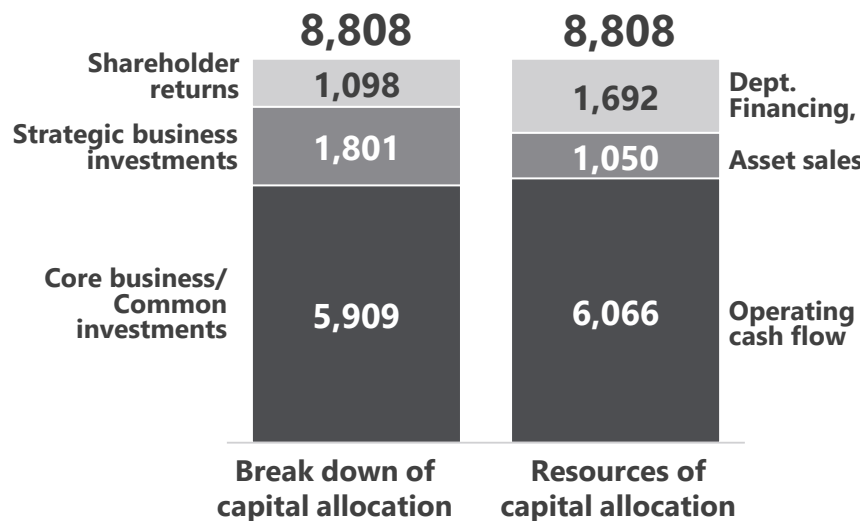
### Life Science

- Synthetic pharmaceutical and agrochemical CDMO
- Biopharmaceutical CDMO

# Capital Allocation Policy

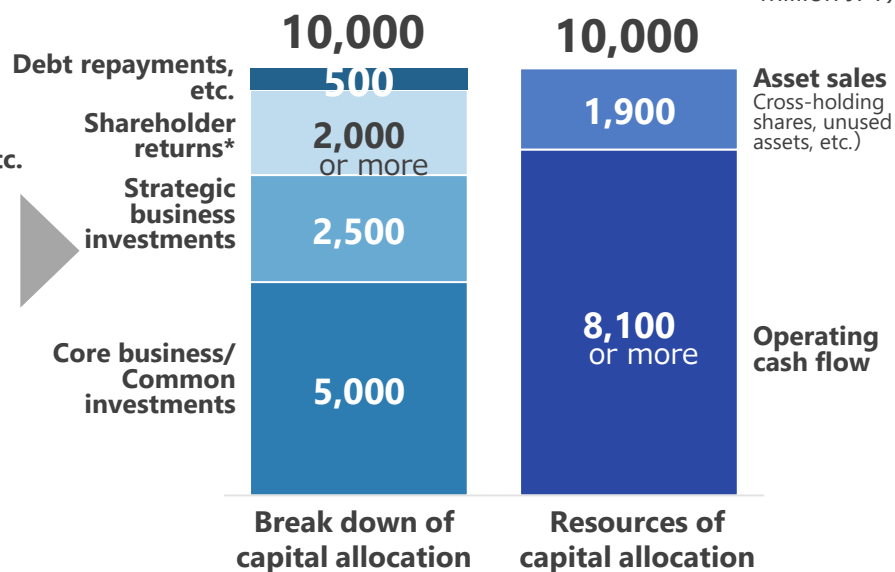
- Promote active investment in strategic/growth businesses
- **Accelerate** asset sales, including all the available cross-held shares

## Previous medium-term plan (2018-2020)



## 2021-2023

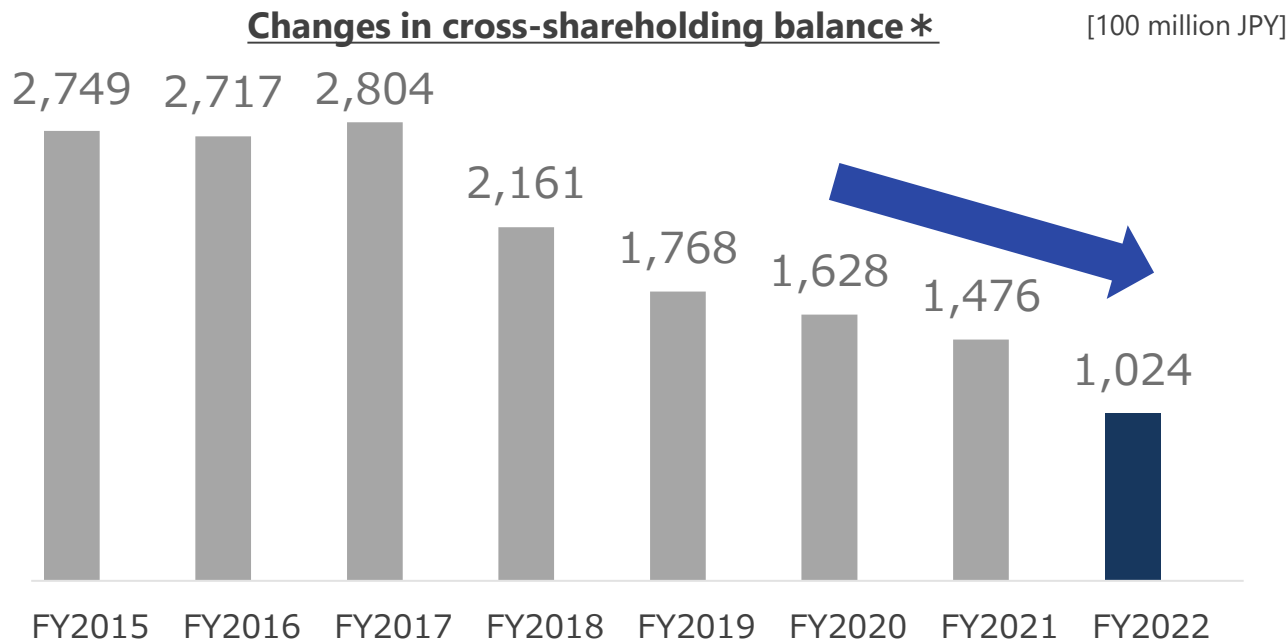
(Unit: 100 million JPY)



\*:Including dividend payment to non-controlling interest shareholders

# Reference: Changes in cross-shareholding balance

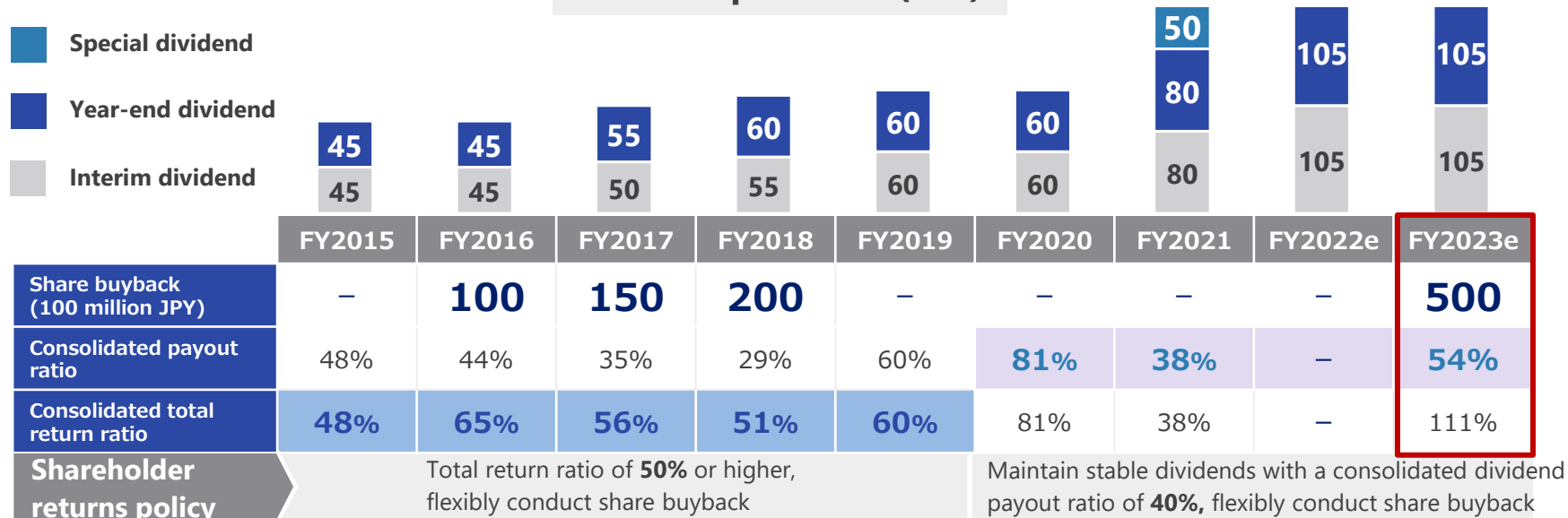
- In principle, all available cross-held shares are subject to sale.
- The cross-held shares in 2022 was 81 issues, accounting for 102.4 billion JPY. Going forward, we will proceed with further reduction of the cross-held shares.



# Shareholder returns

- In the light of business growth in the medium-term, the dividend payment per share in 2022 was the same as the year earlier.
- In 2023, we will again keep the dividend unchanged and conduct a share buyback of 50 billion JPY.

## Dividend per share (JPY)



\*The Company consolidated its common shares at a ratio of 5 shares to 1 share on July 1, 2017, and per-share data is recalculated.

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