



## **AGC Inc.**

Financial Results for FY2024 Third Quarter

November 1, 2024

# Event Summary

---

[Company Name]	AGC Inc.	
[Company ID]	5201-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results for FY2024 Third Quarter	
[Fiscal Period]	FY2024 Q3	
[Date]	November 1, 2024	
[Venue]	Webcast	
[Number of Speakers]	3	
	Shinji Miyaji	Representative Director, Senior Executive Vice President, CFO
	Toshiro Kasuya	Senior Executive Officer, General Manager of Finance & Control Division
	Chikako Ogawa	General Manager of Corporate Communication & Investor Relations

# Presentation

## Key Points



### Financial Results for 3Q FY2024 (cumulative)

(100 million JPY)  
(YoY)

Net sales	15,342	(+504)
Operating profit	940	(-15)
Profit for the period attributable to owners of the parent	- 1,064	(-1,640)

- Net sales increased thanks to the positive effect of foreign exchange rates and increase in sales in Electronics, despite the decline in sales prices for Architectural Glass, decrease in revenue due to the transfer of the Russian business, decrease in shipments of automotive glass, decline in sales prices for Caustic soda and PVC in Chemicals.
- Operating profit decreased due to the above-mentioned factors leading to a decrease in revenue, as well as cost deterioration in the Automotive and Life Science, despite lower raw materials and fuel prices.
- Profit for the period attributable to owners of the parent decreased due to the impact of other expenses incurred in 1H, including impairment losses related to Biopharmaceuticals CDMO business in Life Science and losses on sale of shares of subsidiaries and associates in connection with the transfer of the Russian business.

### Outlook for FY2024

(100 million JPY)  
(YoY)

Net sales	21,000	(+807)
Operating profit	1,300	(+12)
Profit for the period attributable to owners of the parent	- 950	(-1,608)

#### Dividend Forecast

- No change was made from the forecast announced in August 2024.

**Miyaji:** Please see page 3. These are the key points of today's explanation.

Regarding net sales for Q3 of 2024, despite a decline in sales prices for Architectural Glass, decreased revenue due to the transfer of the Russian business, reduced shipments of Automotive glass, and a decline in sales prices for Caustic soda and PVC in the Chemicals segment, we saw an increase of JPY50.4 billion to JPY1,534.2 billion. This was due to the positive effect of foreign exchange rates and increased sales in the Electronics segment.

As for operating profit, although raw material and fuel prices decreased, we experienced a JPY1.5 billion decrease to JPY94 billion. This was due to the aforementioned factors causing a decline in revenue, as well as cost deterioration in the Automotive and Life Science segments.

Profit for the period attributable to owners of the parent resulted in a loss of JPY106.4 billion, a decrease of JPY164 billion. This was due to other expenses recorded in H1, including impairment losses related to Life Science and losses on the sale of shares of subsidiaries and associates in line with the transfer of the Russian business.

Please see page 6.

## Highlights of the Financial Results for 3Q FY2024 (cumulative)

\* FOREX impact was +834, change in the scope of consolidation was -201 (100 million JPY)

(100 million JPY)

	FY2023 1-3Q Total	FY2024 1-3Q Total	Change	Main factors in the change ( + ) Increasing factors ( - ) Decreasing factors
<b>Net sales</b>	14,838	<b>15,342</b>	+ 504*	( + ) Yen depreciation ( + ) Increase in shipments of Electronic Materials and higher sales prices of LCD glass substrates ( - ) Decline in sales prices and decrease in revenue due to transfer of Russian business in Architectural Glass ( - ) Decrease in shipments of Automotive ( - ) Decline in sales prices of caustic soda and PVC
<b>Operating profit</b>	955	<b>940</b>	- 15	( + ) Decline in raw materials and fuel costs ( - ) Decline in sales prices and decrease in shipments mentioned above ( - ) Cost deterioration in Automotive and Life Science
<b>Profit before tax</b>	992	<b>- 744</b>	- 1,736	In addition to the above, ( - ) Other expenses related to Life Science (biopharmaceuticals CDMO) ( - ) Other expenses related to transfer of Architectural Glass and Automotive in Russia
<b>Profit for the period attributable to owners of the parent</b>	575	<b>- 1,064</b>	- 1,640	
<b>FOREX (Average)</b>	<b>1USD</b>	JPY 138.11	<b>JPY 151.29</b>	
	<b>1EUR</b>	JPY 149.62	<b>JPY 164.40</b>	
<b>Crude oil (Dubai, Average)</b>	<b>USD/BBL</b>	81.61	<b>81.62</b>	

Net sales, operating profit, and profit for the period attributable to owners of the parent are as I explained earlier.

Profit before tax resulted in a loss of JPY74.4 billion.

Next, I will explain the performance by segment, so please look at page 7.

## YoY Performance Comparison by Business Segment



(100 million JPY)

	FY2023 1-3Q Total (a)		FY2024 1-3Q Total (b)		Change (b)-(a)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Architectural Glass	3,547	269	<b>3,297</b>	<b>140</b>	- 250	- 129
Automotive	3,662	162	<b>3,750</b>	<b>114</b>	+ 88	- 47
Electronics	2,254	98	<b>2,668</b>	<b>364</b>	+ 414	+ 265
Chemicals	4,255	479	<b>4,394</b>	<b>446</b>	+ 139	- 33
Life Science	918	-77	<b>1,000</b>	<b>-167</b>	+ 82	- 90
Ceramics/Other	601	26	<b>621</b>	<b>41</b>	+ 20	+ 15
Elimination	-400	-1	<b>-388</b>	<b>2</b>	+ 12	+ 3
<b>Total</b>	14,838	955	<b>15,342</b>	<b>940</b>	+ 504	- 15

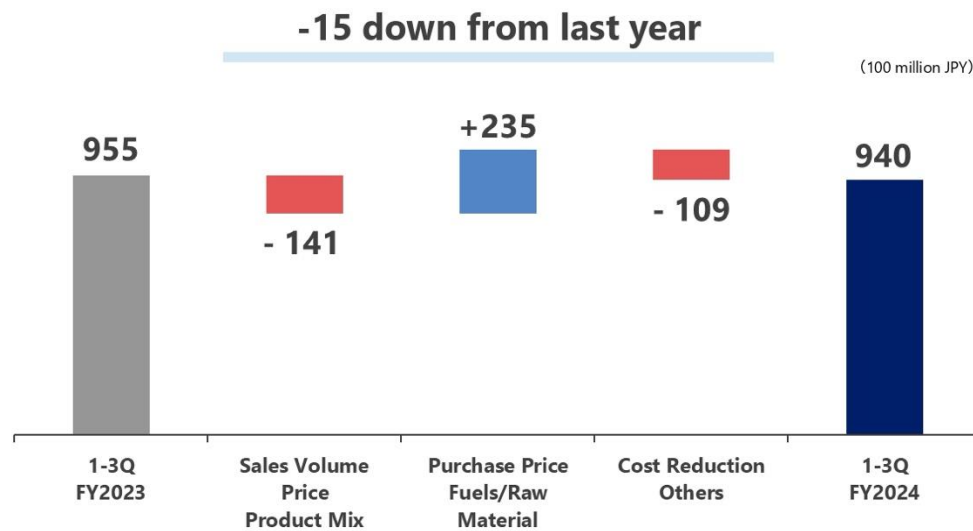
©AGC Inc.

7

By segment, Architectural Glass saw a decrease in both net sales and operating profit. Automotive, Chemicals, and Life Science had increased net sales but decreased operating profit. Electronics increased both net sales and operating profit.

Please see page 8.

## Variance Analysis on OP (1-3Q FY2024 vs. 1-3Q FY2023)



I will explain the factors behind the difference in operating profit compared to the same period last year.

The difference in sales volume, selling price, and product mix was a negative JPY14.1 billion. This was due to the decline in sales prices for Architectural Glass and Chemicals such as Caustic soda and PVC, as well as the impact of decreased shipments in Automotive.

The difference in raw material and fuel prices was a positive JPY23.5 billion. Prices for natural gas, electricity, and soda ash declined.

The difference in costs and other factors was a negative JPY10.9 billion.

As a result, operating profit decreased by JPY1.5 billion to JPY94 billion.

Please see page 9.

# Consolidated Statement of Financial Position

	2023/12	2024/9	Change	
	(100 million JPY)			
Cash and cash equivalents	1,461	<b>1,138</b>	- 323	
Inventories	4,541	<b>4,537</b>	- 4	
Property, plant and equipment, Goodwill and Intangible assets	16,312	<b>15,651</b>	- 661	Foreign exchange fluctuation <b>+304</b>
Other assets	7,017	<b>6,816</b>	- 201	Effect of impairment loss <b>-1,194</b>
<b>Total assets</b>	29,330	<b>28,142</b>	- 1,188	Foreign exchange fluctuation <b>+437</b>
Interest-bearing debt	6,950	<b>6,560</b>	- 390	
Other liabilities	5,836	<b>5,640</b>	- 196	
<b>Liabilities</b>	12,787	<b>12,200</b>	- 587	
Total equity attributable to owners of the parent	14,471	<b>13,769</b>	- 702	
Non-controlling interests	2,073	<b>2,173</b>	+ 100	Foreign exchange fluctuation <b>+258</b>
<b>Equity</b>	16,543	<b>15,942</b>	- 602	
<b>Total liabilities and equity</b>	29,330	<b>28,142</b>	- 1,188	
<b>D/E ratio</b>	0.42	<b>0.41</b>		

This is the balance sheet.

Total assets decreased by JPY118.8 billion from the end of last year to JPY2,814.2 billion.

The D/E ratio was 0.41.

Please see page 10.

# Consolidated Statement of Cash Flow

	(100 million JPY)	
1-3Q Total	FY2023	FY2024
Profit before tax	992	-744
Depreciation and amortization	1,309	1,368
Increase(decrease) in working capital	-521	-134
Others	-319	1,454
<b>Cash flows from operating activities</b>	<b>1,462</b>	<b>1,944</b>
<b>Cash flows from investing activities</b>	<b>-1,293</b>	<b>-1,244</b>
<b>Free cash flows</b>	<b>169</b>	<b>701</b>
Changes in interest-bearing debt	421	-503
Dividends paid	-460	-446
Others	-715	-84
<b>Cash flows from financing activities</b>	<b>-753</b>	<b>-1,033</b>
Effect of exchange rate changes on cash and cash equivalents etc.	126	10
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>-459</b>	<b>-323</b>

Effect of impairment loss  
**+1,194**

Effect of loss on sale of subsidiaries and associates not accompanying cash outflow  
**+365**

Cash inflow effect from sale of subsidiaries and associates  
**+221**

This is the cash flow statement.

Cash flows from operating activities for the period were JPY194.4 billion, cash flows from investing activities were negative JPY124.4 billion, resulting in a free cash flow of JPY70.1 billion.

The others in cash flows from operating activities includes the impact of impairment losses of JPY119.4 billion and the impact of losses from the sale of affiliated companies of JPY36.5 billion. The sale of affiliated companies specifically relates to the Russian business, among others.

Additionally, cash flows from investing activities include a cash inflow of JPY22.1 billion from the sale of affiliated companies, including those in Russia.

See page 11.



# CAPEX, Depreciation and R&D

1-3Q Total	FY2023	FY2024
<b>CAPEX</b>	1,542	<b>1,791</b>
Architectural Glass	160	<b>205</b>
Automotive	165	<b>210</b>
Electronics	385	<b>310</b>
Chemicals	579	<b>824</b>
Life Science	234	<b>215</b>
Ceramics/Other	20	<b>27</b>
Elimination	- 1	<b>- 0</b>

## FY2024 Main projects for CAPEX

- Capacity enhancement for chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement for Biopharmaceuticals CDMO and Small Molecule Pharmaceuticals and Agrochemicals CDMO (Life Science)
- Capacity enhancement for Electronic Materials (Electronics)

1-3Q Total	FY2023	FY2024
<b>Depreciation</b>	1,309	<b>1,368</b>
Architectural Glass	182	<b>188</b>
Automotive	236	<b>249</b>
Electronics	395	<b>400</b>
Chemicals	376	<b>400</b>
Life Science	106	<b>120</b>
Ceramics/Other	16	<b>13</b>
Elimination	- 1	<b>- 1</b>

(100 million JPY)

1-3Q Total	FY2023	FY2024
<b>R&amp;D</b>	414	<b>450</b>

These are capital expenditures, depreciation, and R&D expenses.

Capital expenditures were JPY179.1 billion, depreciation was JPY136.8 billion, and R&D expenses were JPY45.0 billion.

Now I will explain by segment, so please look at page 13.

# Architectural Glass Segment

1-3Q Total	FY2023	FY2024	Change
<b>Net sales</b>	3,547	<b>3,297</b>	- 250*
Asia	1,160	<b>1,135</b>	- 25
Europe & Americas	2,378	<b>2,144</b>	- 234
(Inter-segment)	10	<b>18</b>	+ 8
<b>Operating profit</b>	269	<b>140</b>	- 129

\* FOREX impact: +215,  
Change in the Scope of Consolidation: -131  
(100 million JPY)

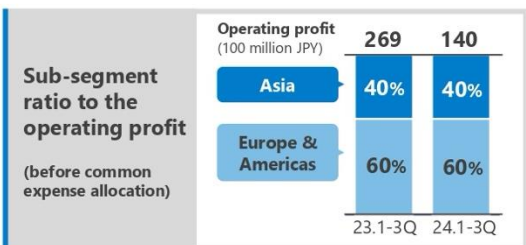
## Asia

- Net sales decreased due to lower shipments.

## Europe & Americas

- Net sales decreased due to lower sales prices in Europe and the negative impact from the transfer of the Russian business, despite the positive effect of foreign exchange rates.

## Variance Analysis on OP



This is the Architectural Glass segment.

Net sales were JPY329.7 billion, and operating profit was JPY14.0 billion.

In Asia, net sales decreased by JPY2.5 billion to JPY113.5 billion due to lower shipments.

In Europe & Americas, despite the positive effect of foreign exchange rates, net sales decreased by JPY23.4 billion to JPY214.4 billion due to lower sales prices in Europe and the impact of the transfer of the Russian business.

As a result, operating profit decreased.

The composition of operating profit remained the same as last year, with Asia accounting for about 40% and Europe & Americas for about 60%.

Please see page 14.

# Automotive Segment

1-3Q Total	FY2023	FY2024	Change
<b>Net sales</b>	3,662	<b>3,750</b>	+ 88 *
Automotive	3,659	<b>3,749</b>	+ 89
(Inter-segment)	3	<b>1</b>	- 1
<b>Operating profit</b>	162	<b>114</b>	- 47

\* FOREX impact: +242,  
Change in the Scope of Consolidation: -37

(100 million JPY)

## Variance Analysis on OP



## Automotive Glass

- Net sales increased due to positive effect of foreign exchange rates, etc., despite a decrease in Group's shipments as the automobile production decreased mainly in Japan.
- Operating profit deteriorated due to increase of manufacturing costs mainly caused by production and shipping issues in the U.S.

Next is the Automotive segment.

Net sales were JPY375.0 billion, and operating profit was JPY11.4 billion.

Although the Group's shipments decreased due to a decline in automobile production, mainly in Japan, net sales increased by JPY8.8 billion due to foreign exchange effects and other factors.

Operating profit decreased due to increased costs, mainly due to production and shipment issues in North America.

Please see page 15.

# Electronics Segment

1-3Q Total	FY2023	FY2024	Change
<b>Net sales</b>	2,254	<b>2,668</b>	+ 414*
Display	1,201	<b>1,322</b>	+ 121
Electronic Materials	1,045	<b>1,332</b>	+ 287
(Inter-segment)	8	<b>14</b>	+ 6
<b>Operating profit</b>	98	<b>364</b>	+ 265

\* FOREX impact: +72,  
Change in the Scope of Consolidation: -25  
(100 million JPY)



## Display

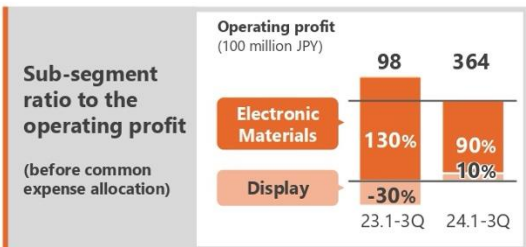
- Net sales increased due to increase in shipments and higher sales prices of LCD glass substrates.



## Electronic Materials

- Net sales increased due to higher shipments of semiconductor-related products such as EUV mask blanks and optoelectronic materials, as well as the positive effect of foreign exchange rates.

## Variance Analysis on OP



Electronics segment.

Net sales were JPY266.8 billion, and operating profit was JPY36.4 billion.

In Display, net sales increased by JPY12.1 billion to JPY132.2 billion due to increased shipments of LCD glass substrates and higher sales prices.

In Electronic materials, sales increased by JPY28.7 billion to JPY133.2 billion, due to an increase in shipments of semiconductor-related products such as EUV mask blanks and optoelectronic materials, as well as the effect of foreign exchange rates.

As a result, operating profit increased. The composition of operating profit was about 10% for Display and about 90% for Electronic materials.

Please see page 16.

# Chemicals Segment

1-3Q Total	FY2023	FY2024	Change
<b>Net sales</b>	4,255	<b>4,394</b>	+ 139*
Essential Chemicals	3,010	<b>3,046</b>	+ 36
Performance Chemicals	1,212	<b>1,321</b>	+ 110
(Inter-segment)	33	<b>27</b>	- 7
<b>Operating profit</b>	479	<b>446</b>	- 33

\* FOREX impact: +228,  
Change in the Scope of Consolidation: No impact

(100 million JPY)



## Essential Chemicals

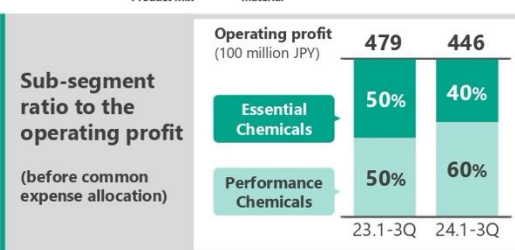
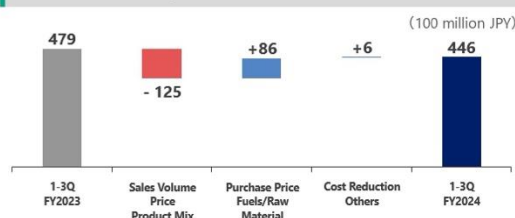
- Net sales remained flat due to lower sales prices of caustic soda and PVC, despite the positive effect of foreign exchange rates.



## Performance Chemicals

- Net sales increased due to positive effect of foreign exchange rates and higher sales prices.

## Variance Analysis on OP



Chemicals segment.

Net sales were JPY439.4 billion, and operating profit was JPY44.6 billion.

In Essential Chemicals, despite lower sales prices of caustic soda and PVC, net sales remained flat from the same period last year, increasing by JPY3.6 billion to JPY304.6 billion due to the positive effect of foreign exchange rates.

In Performance Chemicals, net sales increased by JPY11.0 billion to JPY132.1 billion due to foreign exchange effects and higher sales prices.

Operating profit decreased due to the impact of lower sales prices in Essential Chemicals and other factors. The composition of operating profit was about 40% for Essential Chemicals and about 60% for Performance Chemicals.

Please see page 17.

# Life Science Segment

1-3Q Total	FY2023	FY2024	Change
<b>Net sales</b>	918	<b>1,000</b>	+ 82 *
Life Science	902	<b>971</b>	+ 69
(Inter-segment)	16	<b>29</b>	+ 14
<b>Operating profit</b>	-77	<b>-167</b>	- 90

\* FOREX impact: +67,  
Change in the Scope of Consolidation: No impact

(100 million JPY)

## Variance Analysis on OP

(100 million JPY)



## Life Science

- Despite the impact of disappearance of Covid-related special demand and reduced capital inflows into biotech ventures, net sales increased due to the impact of foreign exchange rates and one-off revenues associated with the settlement of contracted projects, etc.
- Upfront costs incurred associated with capacity expansion in the Biopharmaceuticals CDMO business.

Life Science.

Net sales were JPY100.0 billion, and operating profit was a loss of JPY16.7 billion.

Net sales increased by JPY8.2 billion despite the disappearance of special demand for COVID-19 in the Biopharmaceuticals CDMO business and reduced fund inflows to biotech ventures, due to the positive effect of foreign exchange rates and one-off revenues associated with the settlement of contracted projects.

Operating profit decreased due to upfront costs associated with capacity expansion in the Biopharmaceuticals CDMO business.

Please see page 18.

# Measures to Improve Profitability and their Effects

- Profitability bottomed out in 2Q and gradually improving from the 3Q.
- Measures implemented to reduce fixed costs and improve operations. Results to be gradually visible.

Direction of measures	Region	Modality	Progress of measures	Effect
Fixed cost reduction through structural reforms, etc.	U.S.	Microbial/ Mammalian cell	Seattle site headcount reductions in 2Q	1.7 billion JPY in annual fixed cost reductions (the effect in 2024 will be 1 billion JPY)
		Gene and Cell Therapy	Idled Longmont site in 3Q and optimized capacity for gene and cell therapy	2.5 billion JPY in annual fixed cost reductions (effective from 2025)
Increase in orders and sales	U.S.	Microbial/ Mammalian cell	Improved operations at the Seattle site, obtained 3 FDA approvals	Positive impact on future sales and order-taking activities
	Europe		The expanded facilities at the Copenhagen site began operation in September	Gradual increase in orders from 2024
Strengthen management and sales organization structure, etc.	Common to all sites		New management structure launched with a new AGC Biologics CEO and other members of the management team	Strengthening the management foundation
			Establishment of a one-stop service system including aseptic filling services	Improving sales competitiveness
			Utilizing the AGC Group's resources to strengthen operations and promote the development of medium to long-term differentiating technologies, etc.	Strengthening the management foundation and improving competitive advantage

I will explain the progress of measures to improve profitability in the Life Science business.

Performance is expected to gradually improve from the bottom in Q2. We are implementing fixed cost reductions and operational improvements through structural reforms, mainly at our European and U.S. sites, and the effects are gradually becoming apparent.

First, as a measure to reduce fixed costs, we reduced personnel at our Seattle site in Q2. In addition, Q3, we completely idled our Longmont site in the U.S., which was a base for gene and cell therapy. This was done to optimize our capacity for gene and cell therapy, considering that the growth of the gene and cell therapy market has been significantly slower than initially expected.

Next, regarding measures to increase orders and sales at our Seattle site, as a result of operational improvement efforts, we have obtained three FDA approvals this year, which are expected to contribute to future order and sales increases. At our Copenhagen site, the expanded facilities, which had been delayed in starting operations, began operation in September, and orders are expected to gradually increase in the future.

Lastly, regarding measures to strengthen management and sales organization structure, we are working to strengthen our management foundation by reviewing the management team, including the CEO of AGC Biologics, and launching a new management team. Furthermore, we have established a one-stop service system that includes aseptic filling services to improve sales competitiveness. We are also working on further strengthening operations and developing differentiated technologies for the medium to long term by utilizing AGC Group resources.

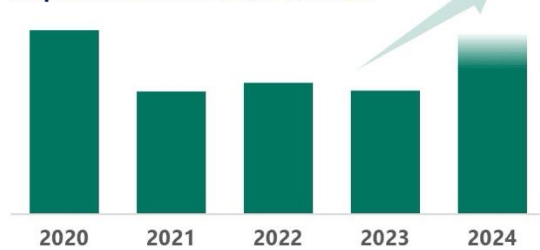
Please see page 19.



## Medium to Long-term Forecast for Life Science Segment

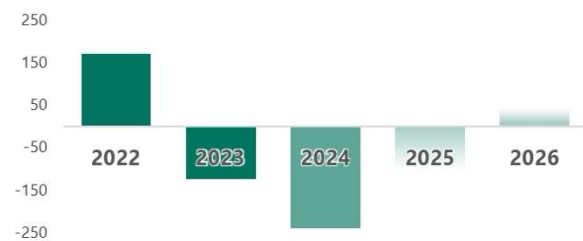
- The utilization rate will gradually increase with the resolution of internal factors and the recovery of the market environment, which were causing the poor performance of the Biopharmaceuticals CDMO business.
- Proposal value to customers, which is a leading indicator of the future sales, is on an upward trend.
- During the current medium-term management plan period, no additional investments will be made<sup>\*1</sup>, and the highest priority will be given to increasing the utilization rate of the existing facilities.
- We will ensure that the Life Science segment is profitable by 2026. Aiming to achieve an operating profit of over 30 billion JPY early in the next medium-term management period.

**Proposal to Customers (value)<sup>\*2</sup> Trend in Biopharmaceuticals CDMO business**



**Forecast of Operating Profit for Life Science Segment**

(100 million JPY)



<sup>\*1</sup>Investments already announced will be continued. <sup>\*2</sup>A leading indicator of sales. Sales will be recorded after a certain period of time (usually 1-2 years) after signature of contracts.

©AGC Inc.

19

This is the medium to long-term performance outlook for the Life Science business.

The internal factors and market factors that were behind the deterioration in the performance of the Biopharmaceuticals CDMO business are expected to be resolved in the future, and the utilization rate is expected to gradually increase.

The proposal value, which is a leading indicator of future sales, is progressing on an increasing trend compared to last year.

During the current medium-term management plan period, we will not make any new expansion investments other than those already announced, and we are prioritizing increasing the utilization rate of existing facilities.

We aim to definitely achieve profitability in the Life Science business by 2026 and aim to exceed JPY30 billion in operating profit at an early stage during the next medium-term management plan period.

Please see page 20.



# Profit contribution of Strategic Businesses

- Despite the deteriorating profitability in Biopharmaceuticals CDMO, net sales and operating profit of strategic businesses increased YoY driven mainly by strong semiconductor-related products in Electronics and Performance Chemicals.

## Sales of Strategic business

(100 million JPY)



Main products & businesses	
Mobility	Cover glass for car-mounted displays
	High value-added products for CASE
Electronics	Semiconductor-related products
	Optoelectronic materials
	Next-generation high-speed communication materials
Life Science	CDMO for synthetic pharmaceuticals and agrochemicals
	CDMO for biopharmaceuticals
	High performance fluorine products for various industries

Next is the performance of strategic businesses.

Overall net sales of strategic businesses increased by JPY45.4 billion to JPY365.5 billion. Operating profit increased by JPY10.8 billion to JPY47.9 billion.

Although the Biopharmaceuticals CDMO business saw a decline in profitability, the increase in sales of semiconductor-related products in Electronics and Performance Chemicals drove the overall increase in sales and profits.

Please see page 21.

## YoY Performance Comparison by Geographic Segment



1-3Q Total	FY2023	FY2024	Change	
(100 million JPY)				
<b>Net sales</b>	14,838	<b>15,342</b>	<b>+ 504</b>	<div>FOREX impact <b>+834</b></div> <div>Change in the scope of consolidation <b>-201</b></div>
Japan & Asia	9,321	<b>9,658</b>	<b>+ 336</b>	
Americas	1,623	<b>1,944</b>	<b>+ 320</b>	
Europe	3,893	<b>3,741</b>	<b>- 153</b>	
<b>Operating profit</b>	955	<b>940</b>	<b>- 15</b>	
Japan & Asia	1,077	<b>1,318</b>	<b>+ 240</b>	
Americas	-53	<b>-86</b>	<b>- 32</b>	
Europe	273	<b>83</b>	<b>- 190</b>	
Cross-regional common expenses	-342	<b>-375</b>	<b>- 33</b>	

The performance by region is as shown.

Please see page 23.

# Outlook for FY2024

- No change was made from the forecast announced at the financial results' announcement for the six months ended June 2024.

(100 million JPY)

		<b>FY2023</b>	<b>FY2024e</b>
<b>Net sales</b>		20,193	<b>21,000</b>
	(First half)	9,853	10,152
<b>Operating profit</b>		1,288	<b>1,300</b>
	(First half)	643	567
<b>Profit before tax</b>		1,228	<b>- 420</b>
<b>Profit for the year attributable to owners of the parent</b>		658	<b>- 950</b>
<b>Dividend (JPY/share)</b>		210	<b>210</b>
<b>Operating profit margin</b>		6.4%	6.2%
<b>ROE</b>		4.6%	-6.6%*
<b>FOREX (Average)</b>	<b>1 USD</b>	JPY 140.6	JPY 151.0
	<b>1 EUR</b>	JPY 152.0	JPY 163.0
<b>Crude oil (Dubai, Average)</b>	<b>USD/BBL</b>	82.1	85.0
<b>Ethylene (CFR SEA)</b>	<b>USD/MT</b>	889	980

\* ROE of FY2024e is calculated using the figures of Total equity attributable to owners of the parent as of Dec. 31, 2023

©AGC Inc.

23

This is the outlook for full-year results.

No changes have been made since the announcement of Q2 financial results.

Please see page 24.

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

- While the outlook made in 2Q is maintained, prospects against the operating profit outlook vary by segments.
  - Architectural glass and Automotive are weaker, Electronics is stronger.
  - Chemicals is in line, Life Science is slightly better.

(100 million JPY)

	FY2023 (a)		FY2024e		Change (b)-(a)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
 Architectural Glass	4,763	328	<b>4,600</b>	<b>230</b>	- 163	- 98
 Automotive	4,997	218	<b>5,100</b>	<b>230</b>	+ 103	+ 12
 Electronics	3,132	184	<b>3,500</b>	<b>450</b>	+ 368	+ 266
 Chemicals	5,741	648	<b>6,200</b>	<b>600</b>	+ 459	- 48
 Life Science	1,268	- 124	<b>1,300</b>	<b>- 240</b>	+ 32	- 116
 Ceramics/Other	834	33	<b>900</b>	<b>30</b>	+ 66	- 3
Elimination	- 542	1	<b>- 600</b>	<b>0</b>	- 58	- 1
<b>Total</b>	<b>20,193</b>	<b>1,288</b>	<b>21,000</b>	<b>1,300</b>	<b>+ 807</b>	<b>+ 12</b>

Regarding the performance outlook by segment, due to many uncertain factors including foreign exchange trends, we have not revised this from Q2 financial results announcement.




Although we have not revised the outlook, we expect operating profit for Architectural Glass and Automotive to be below the forecast, while Electronics is expected to exceed the forecast.

Chemicals is expected to be roughly in line with expectations, and Life Science is expected to improve slightly compared to the forecast.

Please see page 25.

# Outlook for 4Q FY2024 by Business Segment (1)

## Outlook for 4Q FY2024 (vs 3Q FY2024)

 <b>Architectural Glass</b>	 <b>Automotive</b>	 <b>Electronics</b>
<p data-bbox="363 481 414 504"><b>Asia</b></p> <ul data-bbox="210 521 564 611" style="list-style-type: none"><li>■ Although demand for building construction is sluggish, demand for highly heat shielding/insulating glass will underpin our shipments.</li></ul> <p data-bbox="284 656 497 678"><b>Europe &amp; Americas</b></p> <ul data-bbox="210 696 564 741" style="list-style-type: none"><li>■ Economic slowdown in Europe continues to have a negative impact.</li></ul>	<ul data-bbox="619 481 973 719" style="list-style-type: none"><li>■ Automobile production is expected to slightly increase in Japan but decrease in some areas due to seasonality. The Group's shipments overall are expected to be at the same level as the previous quarter.</li><li>■ Further measures to improve profitability such as pricing policies will be taken in the U.S.</li></ul>	<p data-bbox="1165 481 1244 504"><b>Display</b></p> <ul data-bbox="1024 521 1378 656" style="list-style-type: none"><li>■ Shipments of glass substrates for LCDs will decrease slightly compared to the previous quarter.</li><li>■ Shipments of specialty glass for display will increase due to seasonal demand of smartphone market.</li></ul> <p data-bbox="1098 678 1311 701"><b>Electronic Materials</b></p> <ul data-bbox="1024 719 1378 853" style="list-style-type: none"><li>■ Shipments of semiconductor-related products such as EUV mask blanks will increase.</li><li>■ Shipments of optoelectronic materials will decrease compared to the previous quarter due to the adjustment period.</li></ul>

Next, I will explain the outlook for Q4 of FY2024 for each segment.

First, for Architectural Glass. In Asia, although construction demand will remain sluggish, demand for highly heat shielding/insulating glass will support our shipments, which are expected to remain flat. In Europe, the impact of the economic slowdown is expected to continue.

For Automotive, although automobile production volume will increase slightly in Japan, there will be seasonal decreases in some regions, and the Group's overall shipments are expected to be at the same level as the previous quarter. In the U.S., we plan to implement further measures aimed at improving profitability, including pricing policies.

For Electronics, in Display, shipments of LCD glass substrates are expected to decrease slightly compared to the previous quarter. Shipments of specialty glass for Displays are expected to increase as the smartphone market enters a demand period. Among Electronic materials, shipments of semiconductor-related products such as EUV mask blanks are expected to increase. Shipments of optoelectronics materials are expected to decrease compared to the strong previous quarter.

Please see page 26.

## Outlook for 4Q FY2024 by Business Segment (2)

### Outlook for 4Q FY2024 (vs 3Q FY2024)



#### Chemicals

##### Essential Chemicals

- Demand in Southeast Asia will remain strong, but market conditions will remain low due to the sluggish Chinese economy.

##### Performance Chemicals

- Shipment will increase due to higher demand for Fluorochemical-related products for semiconductors and transportation application.



#### Life Science

- Although the impact of inventory adjustments in the agrochemical market will continue, sales of synthetic pharmaceuticals CDMO are expected to increase.
- As for the biopharmaceuticals CDMO, although there will be a decrease in one-off revenues associated with the settlement of contracted projects, the operation of the expanded facilities at the Copenhagen site will contribute to sales.

For Chemicals, in Essential Chemicals, although demand in Southeast Asia will remain steady, market conditions are expected to remain at low levels due to the impact of the economic slowdown in China. In Performance Chemicals, shipments are expected to increase due to increased demand for semiconductor, transportation equipment, and fluorine-related products.

For Life Science, in the synthetic pharmaceuticals and agrochemicals CDMO business, the impact of inventory adjustments in the agrochemical market will continue, but shipments of synthetic pharmaceuticals are expected to increase. In the Biopharmaceuticals CDMO business, one-off revenues associated with the settlement of contracted projects will decrease, but the operation of expanded facilities at the Copenhagen site is expected to contribute.

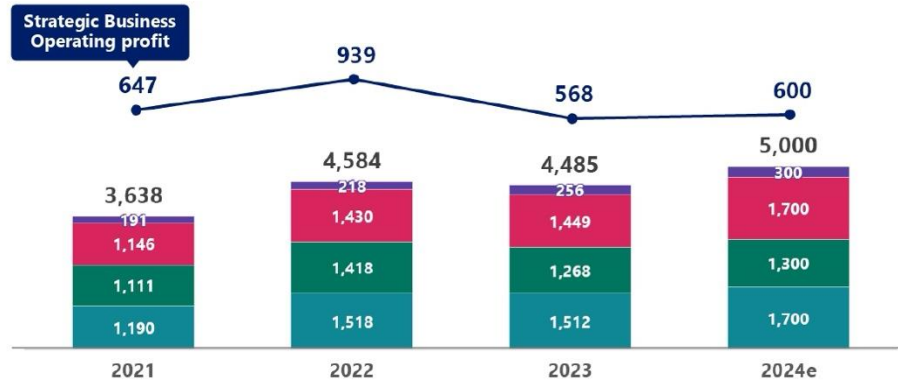
Please see page 27.

# Outlook of Strategic Businesses

- No review to the Strategic Businesses' outlook was made in the 3Q.
- The overall operating profit for Strategic Businesses is progressing at a pace exceeding the outlook mainly due to Electronics.

## Sales of Strategic business

(100 Million JPY)



### Main products & businesses

#### Mobility

- Cover glass for car-mounted displays
- High value-added products for CASE

#### Electronics

- Semiconductor-related products
- Optoelectronic materials
- Next-generation high-speed communication materials

#### Life Science

- CDMO for synthetic pharmaceuticals and agrochemicals
- CDMO for biopharmaceuticals

#### Performance Chemicals

- High performance fluorine products for various industries

This is the outlook for strategic businesses.

We have not changed the annual forecast from Q2 financial results announcement, but the overall operating profit of strategic businesses is progressing at a pace that exceeds the forecast, mainly in Electronics.

Please see page 28.



# Outlook of CAPEX, Depreciation and R&D

Full year	FY2023	FY2024e
<b>CAPEX</b>	2,317	<b>2,500</b>
Architectural Glass	247	<b>350</b>
Automotive	263	<b>200</b>
Electronics	514	<b>400</b>
Chemicals	877	<b>1,160</b>
Life Science	399	<b>370</b>
Ceramics/Other	18	<b>20</b>
Elimination	- 1	<b>0</b>

## FY2024 Main projects for CAPEX

- Capacity enhancement for chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement for fluorochemical-related products (Chemicals)
- Capacity enhancement for Biopharmaceuticals CDMO (Life Science)
- Capacity enhancement for Electronic materials (Electronics) etc.

Full year	FY2023	FY2024e
<b>Depreciation</b>	1,753	<b>1,850</b>
Architectural Glass	244	<b>250</b>
Automotive	319	<b>340</b>
Electronics	532	<b>550</b>
Chemicals	501	<b>530</b>
Life Science	139	<b>170</b>
Ceramics/Other	21	<b>10</b>
Elimination	- 2	<b>0</b>

(100 million JPY)

Full year	FY2023	FY2024e
<b>R&amp;D</b>	573	<b>600</b>

We have not changed the initial forecasts for capital expenditures, depreciation, and R&D expenses.

This concludes my explanation. Thank you very much.

**Ogawa:** Thank you, Mr. Miyaji.

[END]