

February 8, 2023

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## Progress of the Medium-term Management Plan **AGC plus-2023** and Initiatives to Realize the Long-term Management Strategy Vision 2030

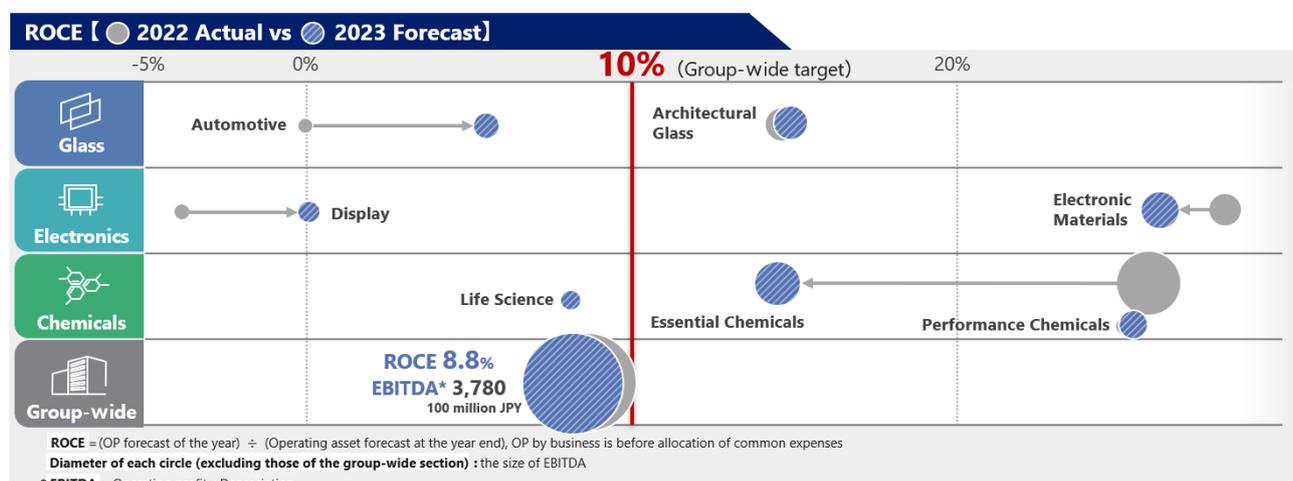
AGC (AGC Inc., Headquarters: Tokyo, President: Yoshinori Hirai) hereby presents the progress of its medium-term management plan **AGC plus-2023** and its initiatives to realize its long-term management strategy **Vision 2030**.

<The AGC Group's Group Vision, Medium/Long-term Management Policy and Management Strategy>



### 1. Progress of the medium-term management plan **AGC plus-2023**

In February 2021, the AGC Group formulated its [long-term management strategy Vision 2030 and its medium-term management plan \*\*AGC plus-2023\*\*](#) to realize [Vision 2030](#). The AGC Group is working to improve its asset efficiency through the promotion of portfolio management, aiming for a Group-wide ROCE (return on capital employed) of 10% or more.



In fiscal 2022, the second year of **AGC plus-2023**, the AGC Group worked on the priorities set for each of its strategic and core businesses. In the strategic businesses, the Group decided to increase production capacities for photomask blanks for EUV lithography (Japan), synthetic pharmaceuticals (Spain), and CDMO services for gene and cell therapy (US). It also made aggressive investments, mainly in the Electronics and Life Science businesses.

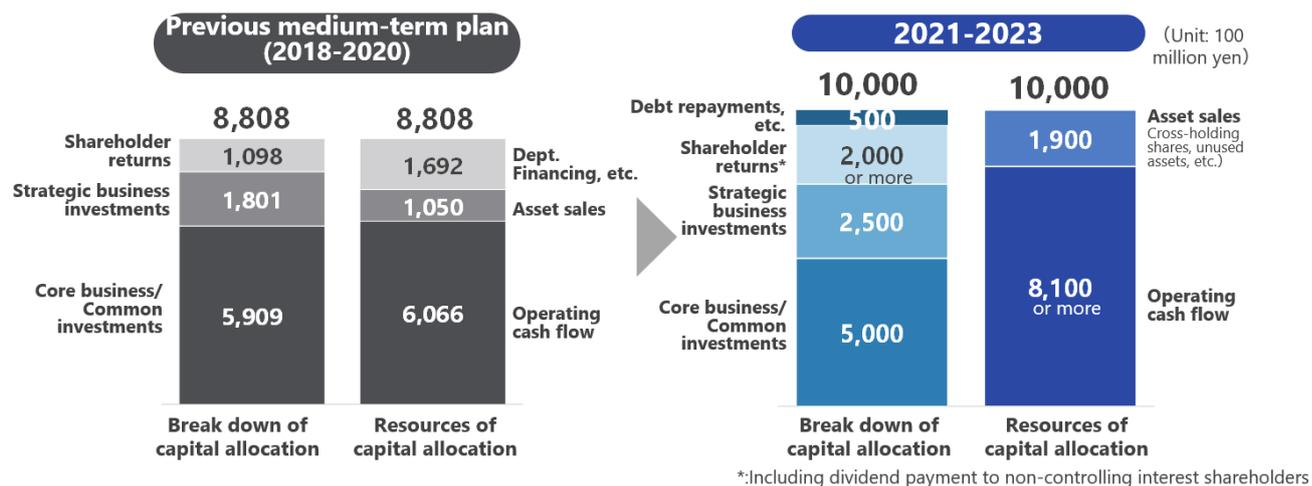
Among core businesses, in the Southeast Asian chlor-alkali business, the Group decided to integrate its subsidiaries in Thailand and CLMV markets and to expand production capacity on a large scale (Thailand) to strengthen its business foundation. The Group also sold its production and sales subsidiary (US) for soda ash, a raw material for glass production, and implemented structural reforms in its automotive glass business. Meanwhile, the Group's business was significantly affected by the decline in the chlor-alkali product market and sharp rises in raw material and fuel prices.

In fiscal 2023, the final year of **AGC plus-2023**, the AGC Group will continue to address key issues in each of its businesses.

	<b>Business</b>	<b>Key issues*</b>	<b>FY2023</b>
<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>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>

In addition to expanding operating cash flow through business portfolio transformation, cash generated from the sale of assets such as cross-held shares will be intensively allocated to investments in strategic and growth businesses.

Furthermore, the AGC Group's basic policy on shareholder return is to "maintain stable dividends with a consolidated payout ratio aiming for 40%, while flexibly implementing share buybacks". In line with this policy, the Group plans to secure investment opportunities in growth businesses and implement dividend payments and share buybacks while maintaining medium/long-term financial soundness.

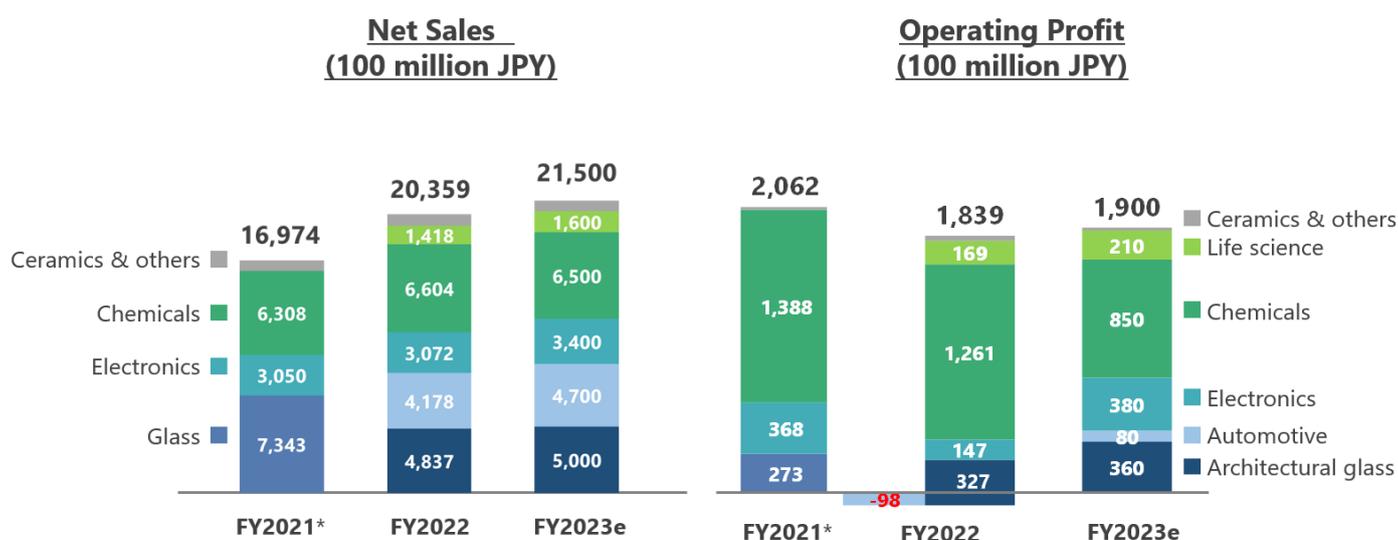


As a result of such initiatives, the AGC Group's performance, excluding ROE, is expected to significantly exceed the initial financial targets set out in the medium-term management plan in 2021. However, the Group projects its operating profit and ROE to fall short of the targets revised up last year.

#### < Financial targets >

	Targets for Fiscal 2023		FY2023 Estimate
	Announced in 2021 (Initial)	Announced in 2022 (Upward revision)	
Operating Profit	160.0 billion yen	230.0 billion yen	190.0 billion yen
ROE	8%	10%	6.3%
Strategic Business Operating Profit	70.0 billion yen	80.0 billion yen	80.0 billion yen
D/E Ratio	0.5 or less	0.5 or less	0.5 or less

#### <To-be image of performance by business segment>



\*2021 is shown in the former segment

## 2. Toward realization of “Vision 2030”

### Economic and social value that the AGC Group wants to create

In order to realize the AGC Group’s **Vision 2030** announced in 2021, the Group aims to grow by creating both social and economic value through “promoting sustainability management” and “transforming its business portfolio”.

Grow through well-balanced creation of social and economic value

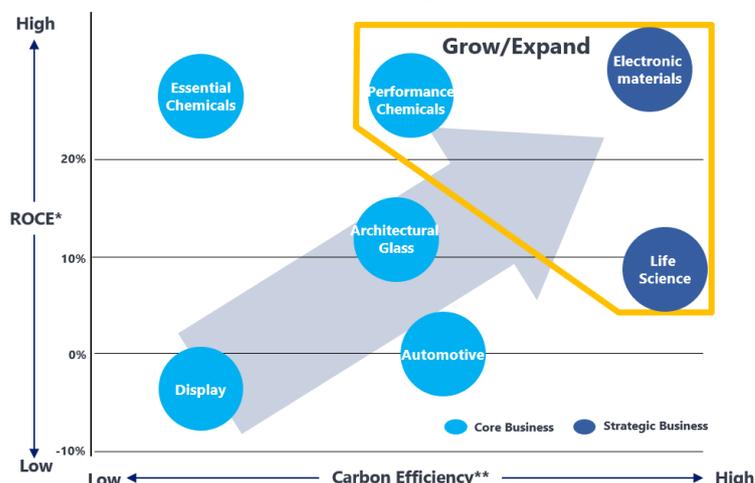


### Initiatives to realize the AGC Group’s “Vision 2030”

#### ① Transformation of business portfolio

In its previous long-term management plan, “Vision 2025”, announced in February 2016, the AGC Group defined the existing businesses as the “core businesses” and the new businesses within its growth businesses as the “strategic businesses”. Since then, through the pursuit of “ambidextrous strategy” by exploiting the core businesses and exploring the strategic businesses, the Group have aimed to build a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential, and carbon efficiency. In addition, the current long-term management plan, **Vision 2030**, clearly defines the direction of business portfolio transformation and declares that it will further accelerate its initiatives.

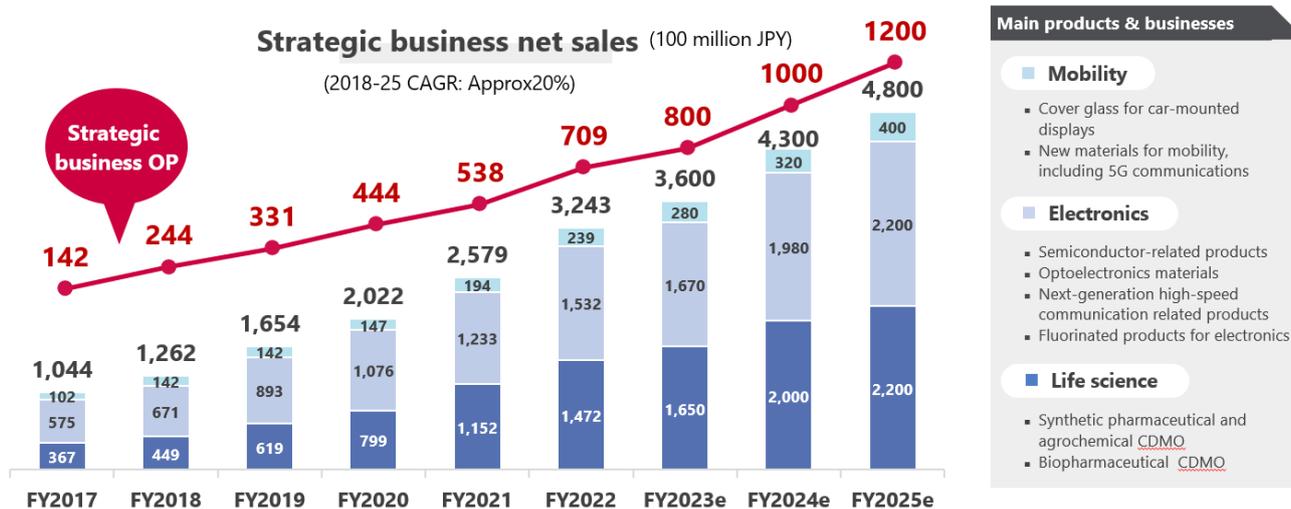
### Direction of the AGC Group’s business portfolio



\*Created based on FY2022 results

\*\*Based on 2021 emissions per 2022 sales

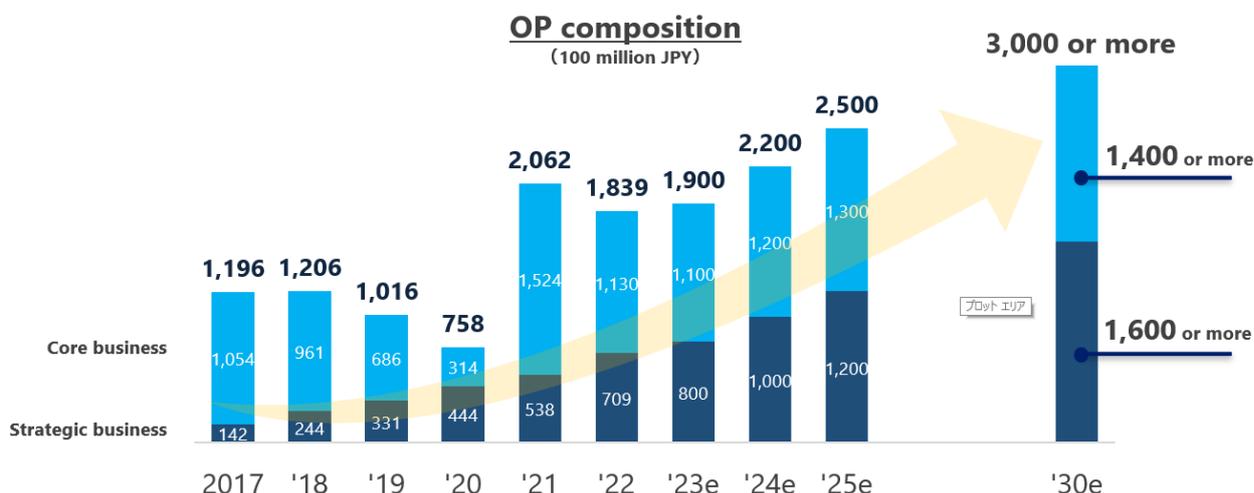
In the strategic businesses (Electronics, Life Science, and Mobility), which are very resilient to market fluctuations and have high asset and carbon efficiency, the Group will accelerate growth through continued aggressive expansion and aim to achieve operating profit of 100 billion yen in fiscal 2024.



In the core businesses, asset efficiency and stability in the chemicals and architectural glass businesses have improved significantly compared to those before the implementation of portfolio transformation in 2016. This is the result of the successful expansion of investments in the chemicals business, which is positioned as a growth business, and the progress in such structural reforms as the transfer of architectural glass business in North America. Meanwhile, profitability and asset efficiency remain issues for the automotive glass and display businesses.

In addition to continuing the Group's initiatives in the areas of chemicals and architectural glass, the Group will implement structural reforms in automotive glass such as pricing policy changes, consolidation of European production bases and lines. In the display business, the Group will pursue drastic structural reform, including the consolidation of production lines, such as withdrawing from glass substrate sizes with low profitability and focusing on glass substrates for large-sized display panels. Through these reforms, the AGC Group aims to further improve and stabilize the profitability of its core businesses as a whole.

Through the initiatives described above in strategic and core businesses, the AGC Group aims to achieve Group-wide operating profit of 300 billion yen in fiscal 2030, and to increase the ratio of strategic businesses with high carbon and asset efficiency to over 50%.



## ② Promoting sustainability management: Continuous evolution of human resources and corporate culture

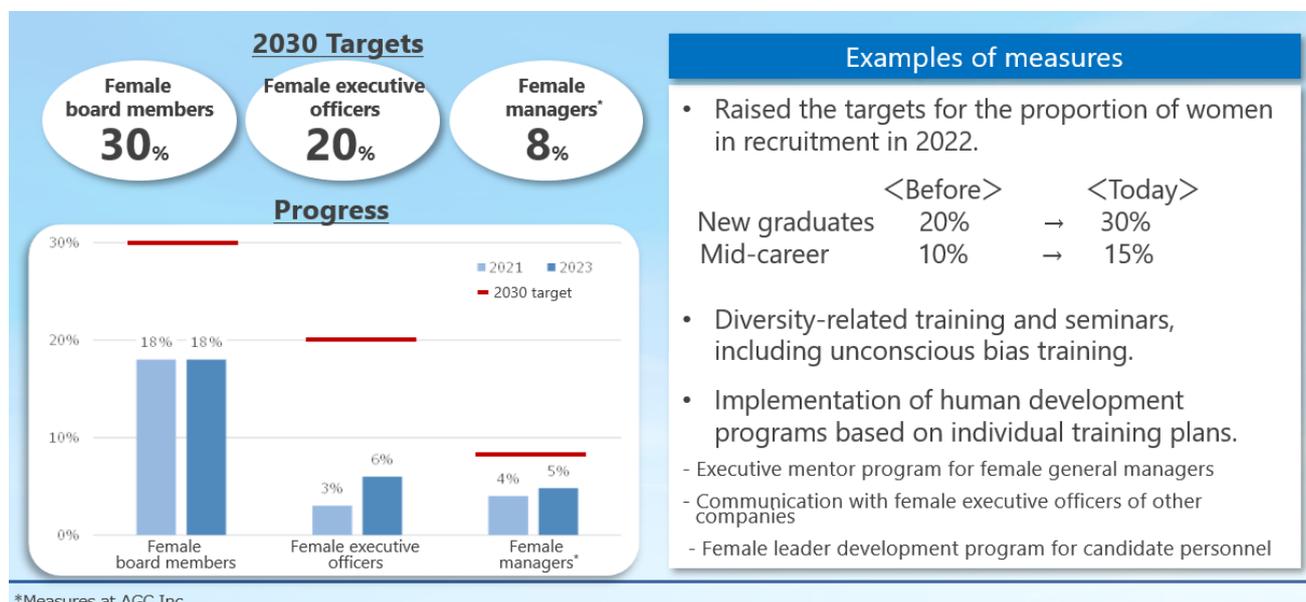
The AGC Group has valued human resources for 115 years as embodied in its founder Toshiya Iwasaki's founding spirit: "Never take the easy way out, but confront difficulties" and "Trust is the best way to inspire people". Based on a corporate culture that encourages "challenge", which has been cultivated since the AGC Group's founding, the Group have created a strong organization by summing up the capabilities of each employee and achieving business and organizational goals, thereby building competitive advantage and generating growth for the the Group and each individual.

To this day, the Group places the further pursuit of a culture that encourages challenge as a top management priority. The Group aims to continuously evolve this corporate culture through the commitment of senior leaders to various activities, such as CEO dialogue sessions with employees worldwide.

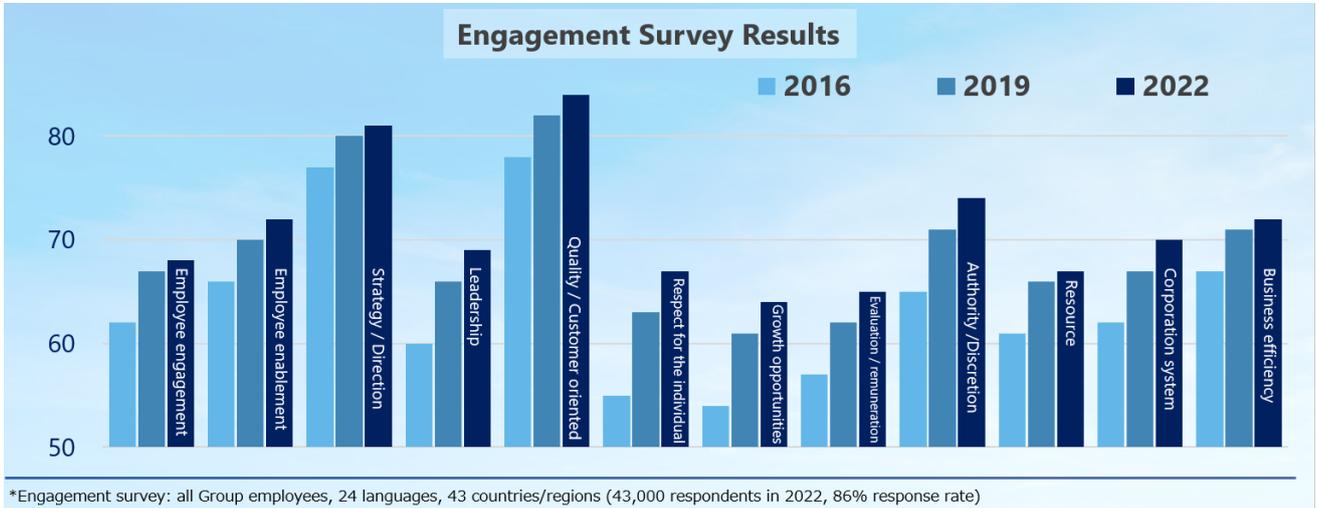


With regard to gender-related issues, which have become a social issue in Japan, the Group have set numerical targets for the advancement of women, such as a 30% ratio of female executives (directors and corporate auditors) and a 20% ratio of female executive officers by 2030. The Group is promoting various measures to achieve these targets, including the implementation of training programs based on individual development plans.

Furthermore, the Diversity Council, chaired by the CEO, was established in 2022 to create an environment in which diverse human resources can make the most of their individual abilities. The Group will accelerate measures to promote diversity to achieve its goals.



The AGC Group promotes employee engagement based on the belief that such engagement is essential for maintaining and developing a competitive advantage. In a survey of all Group employees conducted in 2022, engagement scores improved in all categories as in the previous survey (2019). The Group will continue to undertake a variety of initiatives with the aim of achieving engagement scores on par with the average of global high-performing companies by 2030.



The AGC Group will add value to all stakeholders, including society, customers, business partners, employees, investors, and future generations by realizing its **Vision 2030** through business portfolio transformation and the pursuit of sustainability management and creating social and economic value.