

Asahi Kasei Corp.
April 25, 2016

New medium-term management initiative: “Cs for Tomorrow 2018”

The Asahi Kasei Group has launched a new medium-term strategic management initiative, “Cs for Tomorrow 2018,” for the three-year period from fiscal 2016 through fiscal 2018.

Under “Cs for Tomorrow 2018,” Asahi Kasei Corp. adopts an operating holding company configuration, and the Asahi Kasei Group’s business portfolio is reorganized into three business sectors of Material, Homes, and Health Care to enable more strategic and efficient management. Basic strategies under the new initiative are “pursuit of growth and profitability,” “creation of new businesses,” and “acceleration of globalization.” Strategic long-term investments of some ¥700 billion are to be made during the three-year period, with consolidated net sales of ¥2.2 trillion and operating income of ¥180 billion targeted in fiscal 2018.

1. Review of the previous medium-term initiative, “For Tomorrow 2015”

Under “For Tomorrow 2015,” which began in fiscal 2011, the Asahi Kasei Group advanced the expansion of world-leading business and the creation of new value for society as two strategic pillars. While increasing production capacity for highly competitive products, Asahi Kasei reinforced its operating base through acquisitions, including of US-based ZOLL Medical Corporation, which marked our strategic entry into the field of acute critical care, and of US-based Polypore International, LP, to expand our battery separator business.

While performing some ¥1 trillion of strategic investment for growth over the five-year period, Asahi Kasei also worked to raise corporate value by advancing a structural realignment of our petrochemical business in Japan, and implementing a company-wide streamlining project to improve the profit structure. Nevertheless, we came to recognize that since our 2003 transformation to a holding company configuration it has become difficult to fully exert the combined strengths of the Asahi Kasei Group. The decision was thus made to adopt an operating holding company configuration to overcome this difficulty.

2. Overview of new medium-term initiative, “Cs for Tomorrow 2018”

Under “Cs for Tomorrow 2018,” the Asahi Kasei Group will contribute to the realization of a “society of clean environmental energy” and a “society of healthy/comfortable longevity with peace of mind” through our diversified businesses. The basic strategies of “pursuit of growth and profitability,” “creation of new businesses,” and “acceleration of globalization” will be advanced by enhancing connections among diverse businesses and diverse human resources as we build the base for the next phase with the aim of creating a portfolio of high value added businesses with high profitability in fiscal 2025.

In light of the occurrence of data manipulation in the installation of precast concrete piles by subsidiary Asahi Kasei Construction Materials Corp., an issue we take with the upmost gravity, we will also focus on achieving thorough compliance based on the “three actuals” of the actual place, the actual thing, and the actual fact as we work to restore the trust of our stakeholders.

2.1 Basic strategies

1) Pursuit of growth and profitability

In the Material business sector, we will enhance connections among businesses for greater synergy, while optimizing the business portfolio and raising competitiveness for increased profitability.

In the Homes business sector, we will ascertain society's needs as we further strengthen established businesses with comprehensive products, construction, and services, while expanding the value chain through business development.

In the Health Care business sector, we will strengthen the global business platform while strengthening profitability of domestic businesses.

2) Creation of new businesses

By combining the strengths of the Asahi Kasei Group having various technologies and diverse business operations, we will advance R&D that connects to new business creation with a 3-axis perspective of "foster and acquire core technology," "utilize market channels," and "heighten added value."

3) Acceleration of globalization

With a clearly identified strategy in each region of Japan, Asia, North America, and Europe, we will develop business through M&A, create new business models, and adapt to new trade arrangements such as TPP.

2.2 Financial targets

(¥ billion)

	FY2015 forecast ¹	FY2018 target	FY2025 outlook
Net sales	1,954.0	2,200.0	3,000.0
Operating income	164.0	180.0	280.0
Net income attributable to owners of the parent	90.0	110.0	—
Total return ratio	31.0%	35.0%	—
ROE ²	8.1%	9.0%	10.0%
D/E ratio ²	0.45	0.50	0.50

¹ Forecast on February 4, 2016

² FY2015 forecast is approximate

Disclaimer:

The forecasts and estimates shown in this press release are dependent on a variety of assumptions and economic conditions. Plans and figures depicting the future do not imply a guarantee of actual outcomes.

For more information, please contact:

Asahi Kasei Corp.

Corporate Communications

Phone: +81-(0)3-3296-3008

Fax: +81-(0)3-3296-3162