

**Asahi Kasei launches new medium-term management initiative:
“Cs+ for Tomorrow 2021”**

The Asahi Kasei Group has launched a new medium-term strategic management initiative “Cs+ for Tomorrow 2021” for the three-year period from fiscal 2019 through fiscal 2021.

During the previous management initiative, “Cs for Tomorrow 2018,” the company had advanced actions to build the base for the next phase focusing on the “Cs” of Connections, Communication, Challenge, and Compliance. While continuing and extending these efforts, Cs+ for Tomorrow 2021 indicates a clear direction for the provision of value and contribution to society, as well as the company’s strategic path forward and vision for the future.

Around the world, there are various discussions regarding the challenges faced for the sustainability of society. Under the new management initiative, Asahi Kasei expresses its stance for contribution to sustainability as “Care for People, Care for Earth.” By leveraging the Asahi Kasei Group’s strengths of diversity and capability to change, we endeavor to contribute to sustainable society while achieving sustainable growth of corporate value.

Cs+ for Tomorrow 2021 provides for long-term investment of ¥800 billion over the three-year period, targeting net sales of ¥2,400 billion and operating income of ¥240 billion (operating margin 10%) in fiscal 2021, with an outlook for net sales of ¥3,000 billion and operating income of ≥¥300 billion (operating margin ≥10%) in fiscal 2025. With projected growth in earnings per share we aim to provide stable dividends and continuous dividend increases.

Review of Cs for Tomorrow 2018

During the past three-year period, we made decisions for long-term investment and M&A totaling some ¥670 billion, with capital expenditure concentrated on the automotive and environment & energy fields. Financial performance was strong in fiscal 2018, the final year of the initiative, with all income targets met and new record highs reached for net sales, operating income, and ordinary income. Total return ratio in fiscal 2018 was 39%, also exceeding the target, with increased dividends and a repurchase of shares.

Overview of Cs+ for Tomorrow 2021

The Asahi Kasei Group is aiming to achieve a portfolio of high-profitability and high value-added businesses by implementing the following:

- Identifying five domains—the Environment & Energy, Mobility, Life Material, Home & Living, and Health Care—as priority fields for provision of value from the perspectives of Care for People and Care for Earth, while advancing measures in progress to build the business platform.
- Transforming business portfolio by resource allocation based on the four perspectives of “high profitability,” “high market growth,” “priority fields,” and “sustainability.”
- Heightening businesses by strengthening global operations, creating new businesses, and digital transformation.
- New business creation with a focus on generating new value through the Asahi Kasei Group’s various core technologies, marketing functions leveraging a wide range of market contact points, and fostering connections inside and outside the company.
- Ongoing enhancement of the platform for human resources, environmental safety, workplace safety, quality, risk management, and compliance.
- Implementing continuous measures to further enhance corporate governance for increased corporate value.

Growth strategy and financial targets are as follows:

1. Basic strategy and priority fields for provision of value

1) Basic growth strategy by sector

Material: Flexibly allocating management resources to priority fields for provision of value, expanding high value-added businesses

Homes: Reinforcing and extending value chain management, with new businesses and services driving growth

Health Care: Further accelerating transformation to a global health care company, with profit growth in overseas markets

2) Priority fields for provision of value (see attachment for details)



2. Financial targets

(¥ billion, unless otherwise specified)

	FY2018	FY2021 target	FY2025 outlook
Net sales	2,170.4	2,400.0	3,000.0
Operating income	209.6	240.0	≥300.0
Net income attributable to owners of the parent	147.5	180.0	} Aiming for FY2021 level or above
ROIC*	8.8%	9.0%	
Net income per shareholders' equity (ROE)	11.1%	11.1%	
D/E ratio	0.31	≈0.5	

* (Operating income – income taxes) / average annual invested capital

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.

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Attachment: Priority fields for provision of value

New perspectives, value, key businesses

	Material			Homes	Health Care
Business sectors				Reinforcing and extending value chain management	Further accelerating transformation to a global health care company
Basic strategy	Flexible allocation of management resources on priority fields				
Priority fields for provision of value	<div style="background-color: #4db6ac; border-radius: 15px; padding: 10px; text-align: center;"> Environment & Energy </div> <p>Contributing to the environment with various technology (CO₂ chemistry, semiconductors, etc.)</p>	<div style="background-color: #8bc34a; border-radius: 15px; padding: 10px; text-align: center;"> Mobility </div> <p>Contributing to the future of mobility with technology for safety, comfort, and the environment</p>	<div style="background-color: #9c27b0; border-radius: 15px; padding: 10px; text-align: center;"> Life Material </div> <p>Contributing to healthy and comfortable daily life with distinctive products and technological strength</p>	<div style="background-color: #c08060; border-radius: 15px; padding: 10px; text-align: center;"> Home & Living </div> <p>Contributing to superior social infrastructure and comfortable living by through our know-how gained in urban markets</p>	<div style="background-color: #e91e63; border-radius: 15px; padding: 10px; text-align: center;"> Health Care </div> <p>Contributing to healthy longevity with pharmaceuticals and medical devices discerning the needs of the aging society</p>
Care for People		<p>Safety and security Airbag material Alcohol sensor Contactless pulse sensing</p> <p>Comfortable space Lamous™ microfiber suede Low-VOC* material A/C CO₂ sensors * Volatile organic compounds</p>	<p>Comfort/convenience Disposable diaper material 5G-related (glass fabric, etc.) Regenerated cellulose fiber</p> <p>Health Pharmaceutical/food additives UVC LEDs for disinfection</p>	<p>Safety/security 60-year long-life homes Disaster-resistance, family protection Long-term maintenance of asset value</p> <p>Comfort/health Living in a good thermal environment Diverse modes of residence</p>	<p>Treatment <u>Acute conditions (critical care, circulatory)</u> Recomodulin™, therapeutic apheresis, defibrillators, LifeVest™, acute myocardial infarction, cerebral infarction <u>Chronic conditions (orthopedics, dialysis)</u> Teribone™, Kevzara™, dialysis, autoimmune disease</p> <p>Safety/peace of mind <u>Supporting the safety of biotherapeutics</u> Virus removal filters, bioprocess equipment</p>
Care for Earth	<p>Clean energy Battery separators Alkaline water electrolysis system to produce green hydrogen</p> <p>Energy conservation/ environmental improvement CO₂ sensors Water filtration modules Ion-exchange membranes</p> <p>Low-carbon society Next-generation CO₂ chemistry New CO₂ separation/recovery system</p>	<p>Fuel economy S-SBR for tires Resin to replace metal Lead-acid battery separator</p> <p>EV/HEV Li-ion battery separator Li-ion battery related material</p>	<p>Reducing food loss/ environmental burden Saran Wrap™ Ziploc™ Water-washable printing plates</p>	<p>Environment Net zero energy houses Photovoltaic power High-performance insulation</p>	
Main related SDGs			 	 	

Note: Green indicates under development