

Mid-term Management Plan 『STEP 3000-II』(FY2015 - FY2017)

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contents

- ◆ Retrospective view of 『STEP 3000』
- ◆ ADEKA Envisioned for 2025
- ◆ Mid-term Management Plan
『STEP 3000-II —Creating “*a Good Company*” —』
- ◆ Reinforcement of Group Management
- ◆ Shareholder Return and Dividends

The background features a blue-to-white gradient with several overlapping, semi-transparent circular shapes that create a sense of depth and movement.

RETROSPECTIVE VIEW OF 『STEP 3000』

Trends in Consolidated Performance

(Unit: ¥100 million)

	Fiscal 2011	Fiscal 2012 (First year)	Fiscal 2013 (Second year)	Fiscal 2014 (Final year)	Initial plan
Sales	1,708	1,848	2,043	2,143	2,400
Operating profit	83	98	138	146	170
Operating profit ratio	4.9%	5.3%	6.8%	6.8%	7%
Overseas sales ratio	29.3%	34.4%	40.2%	43.3%	40%

- ◆ Concerning sales and operating profit, we could not achieve the initial plan.
- ◆ Overseas sales ratio of 40% achieved one year ahead of schedule in FY2013

Generalization of STEP 3000 ① Create of new products

Completion of a new research facility at the Urawa R&D Laboratory (Jan. 2013)

- Enhanced the facility's functions as a global technical center in the worldwide polymer additive business.

Development of high-dielectric materials for next-generation semiconductor memory (Feb.2013)

- Developed a new precursor for 2x nm-generation DRAM memory .

Enhancement of our R&D center in South Korea (Apr. 2013)

- Established a system to enable speedy R&D by installing state-of-the-art semiconductor evaluation equipment and increasing the number of personnel.

Completion of New laboratory for medical materials (Jun. 2014)

- Built a new plant that produces epoxy resin for electronic materials at the Chiba plant in response to market demands such as the materials' miniaturization and reduction of chlorine.

Completion of low chlorine epoxy resin facilities (May. 2014)

- Built a new experiment building in the Kashima Plant-west. Introduced equipment suitable for performing safety tests of medical materials and provisioning samples for clinical tests.

Supporting the research program at Tokyo Medical and Dental University (Nov. 2014)

- Established a corporat sponsored research program, the “Research Program for Decellularization Technology Materials for Regenerative Medicine.”

Generalization of STEP 3000 ②Promote of overseas business

AM STABILIZERS CORPORATION 【USA】

- Establishment in May 2012 (manufacture and sales of polymer additives)

ADEKA KOREA CORPORATION 【KOREA】

- October 2012, Enhancement of a production system for semiconductor materials

ADEKA FOODS (ASIA) SDN.BHD. 【MALAYSIA】

- Establishment in December 2012 (manufacture and sales of margarine and shortening),
Completion of new plant in September 2014, Obtains Halal certification in November 2014

ADEKA BRASIL LTDA. 【BRAZIL】

- Start of business in April 2013 (sales assistance and market development of ADEKA group products, particularly polymer additives, lubricant additives and IT/electronics-related products)

ADEKA FINE CHEMICAL (CHANGSHU) CO.,LTD. 【CHINA】

- October 2013, Completion of a plant for high-performance antioxidant

ADEKA FINE CHEMICAL TAIWAN CORPORATION 【TAIWAN】

- October 2013, Establishment of the Taipei Office (sales of ADEKA group products)

ADEKA AL GHURAIR ADDITIVES LLC 【UAE】

- November 2014, Enhancement of production equipment for one-pack granule additives for polyolefin

Generalization of STEP 3000 ③

◆ Investment

- Based on the three-year equipment investment plan (40 billion yen) and M&A investment framework (20 billion yen), there was 34.7 billion yen of equipment investment and one case of M&A (acquisition of a business handling stabilizers for vinyl chloride in the U.S.)

◆ Selection and concentration of business

- We withdrew our investment from three Kashima-group joint venture companies (Kashima Chlorine, Kashima Chemical, and Kashima Vinyl chloride Monomer) and exited the electrolysis business.

Medium- to Long-Term Management Vision

ADEKA ENVISIONED FOR 2025

ADEKA Envisioned for 2025

ADEKA Group will develop a wide range of businesses around the world, including the chemicals and food businesses that currently provide the operating basis of our group.

We will strive to become a global company that contributes to society (and affluent lifestyles) through our business operations while playing a leading role as a manufacturer in the development of global technology.



ADEKA VISION 2025

A global company
that creates value for tomorrow
and contributes to affluent lifestyles
through innovative technologies

The position in management

Management Policies

- Work hard to be a forward-looking organization by staying on the cutting edge
- Be a respected member of the world community

ADEKA VISION 2025

ADEKA VISION 2025

A global company that creates value for tomorrow and contributes to affluent lifestyles through innovative technologies

Mid-term Management Plan
STEP 3000-II
—Creating “a good Company”—

【Basic Strategies】

- Expand business with focus on core businesses
- Develop a third core business
- Create new businesses and expand into other fields

Regular corporate activities

【Basic Policies】

Global operations, Technology, Human resources

Corporate activities that can contribute to society

Mid-term Management Plan (FY2015～FY2017)

『STEP 3000-II

—CREATING “A GOOD COMPANY”—』

Positioning of STEP 3000-II

Vision for ADEKA in FY2025

ADEKA VISION 2025

A global company
that creates value for tomorrow
and contributes to affluent lifestyles
through innovative technologies



STEP 3000- II

STEP 3000

- A plan that will ensure we create “a Good Company” with annual sales of 300 billion
 - The first three years toward achievement of ADEKA VISION 2025
- ⇒ enhance group management, to expand overseas businesses, and to further develop core technologies.

FY2011

FY2012

FY2013

FY2014

FY2015

FY2016

FY2017

FY2025

Basic Strategy of STEP 3000-II

1. Expand business with a special focus on core businesses

Aim to expand businesses, focusing on our core businesses (polymer additives and foods), to achieve annual sales of 300 billion yen

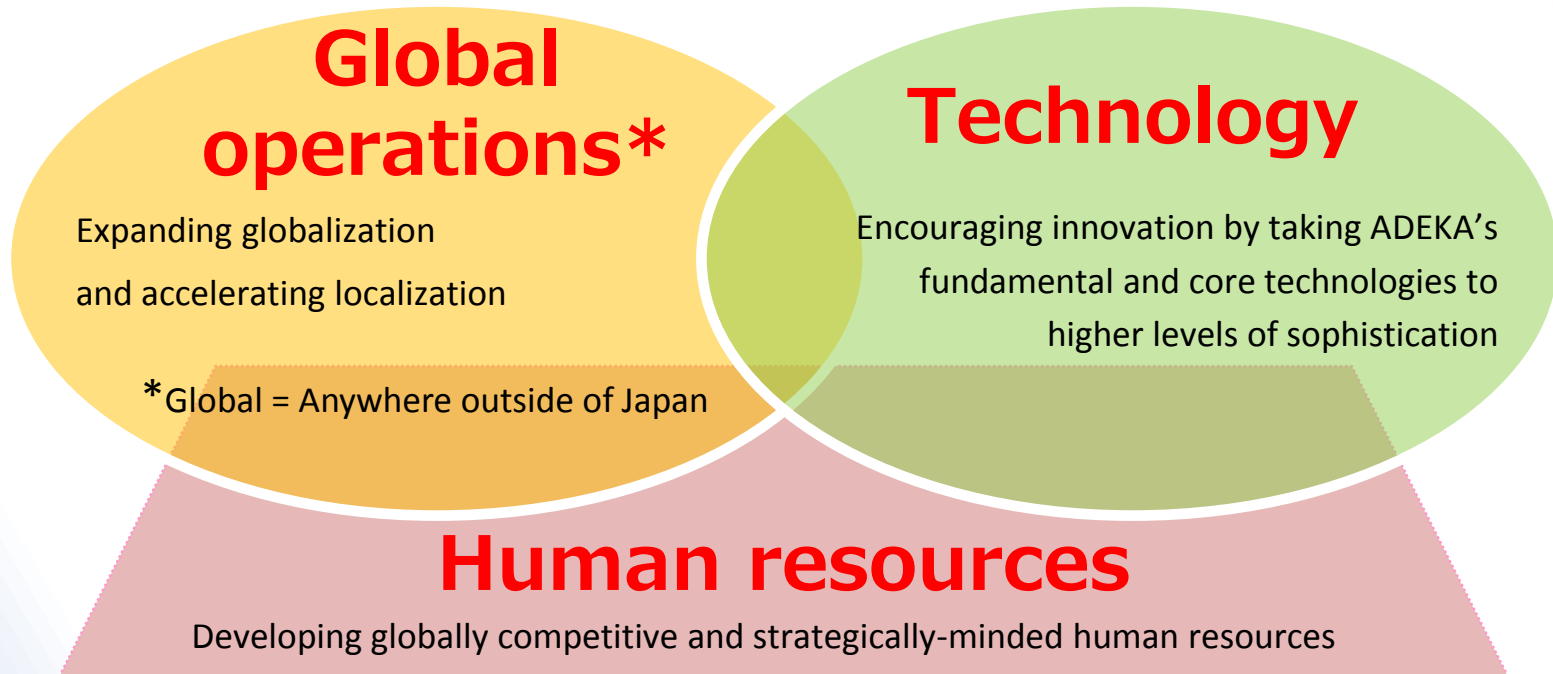
2. Develop a third core business (Information and Electronics)

Aim to develop information and electronics area into a third core business to support the expansion of profits

3. Create new businesses and expand into other fields

- Utilize M&A and alliances as an effective managerial method for creating new businesses and expanding business in terms of size and area at an accelerated pace
- New businesses (areas of particular focus)
 - ✓ Life sciences
 - ✓ Environmental energy

Three Basic Policies



“Global operations” and **“technology”** refer to initiatives to ensure the creation of a Good Company with annual sales of 300 billion yen, and the technologically rich global company aimed for in ADEKA VISION 2025.

“Human resources” is a policy that provides underlying support for global operations and technology.

Targets

(Unit: ¥100 million)

	Fiscal 2014	Fiscal 2017
Sales	2,143	3,000
Operating profit	146	240
Overseas sales	927	1,500
Overseas sales ratio	43.3%	50%

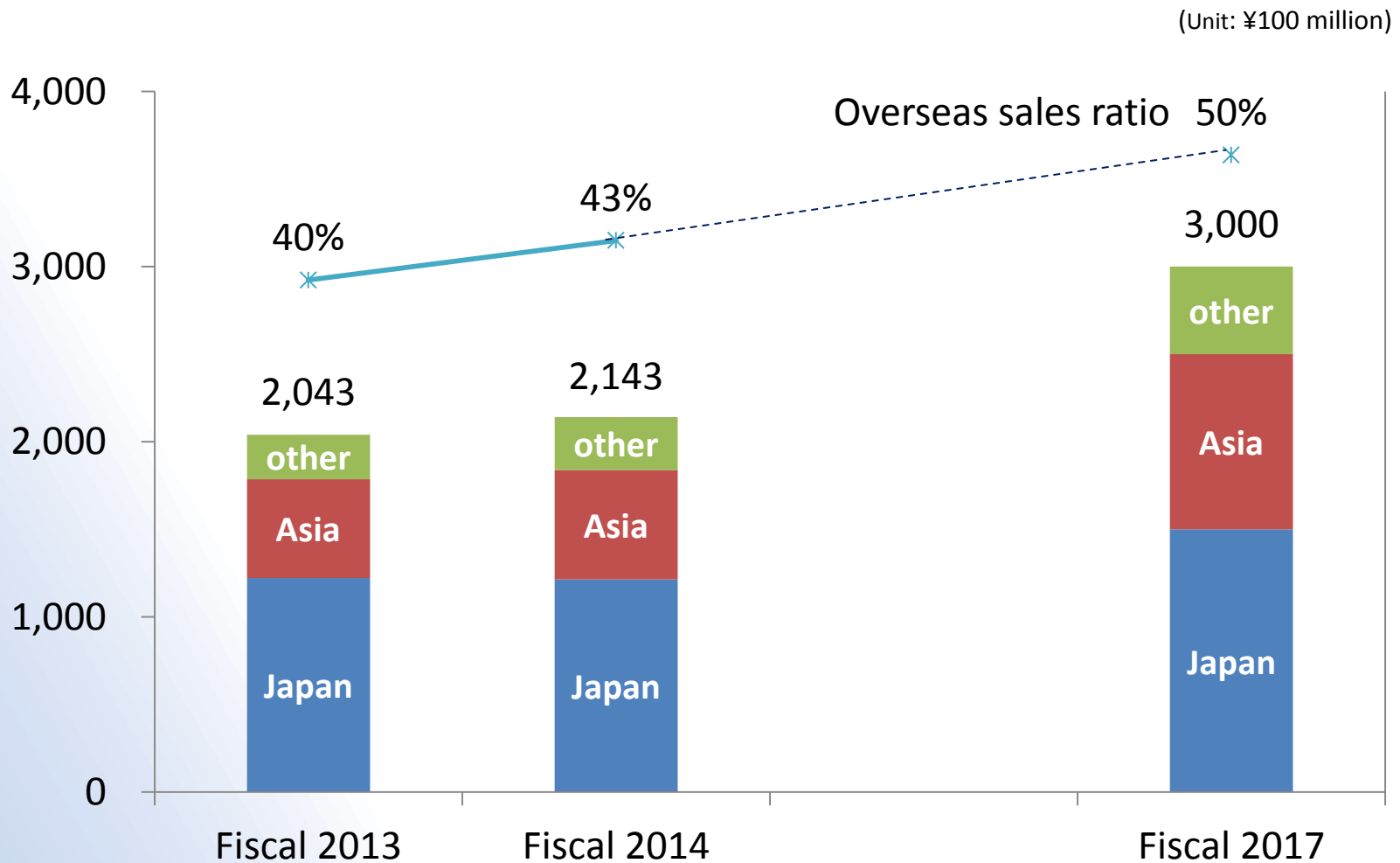
◆ Management indexes

operating profit ratio : 8%

Accumulated investment : about 70 billion

- Planning to make capital investments worth about 40 billion yen over three years
- Planning to allocate about 30 billion yen for M&A in order to expand into other fields and create new businesses

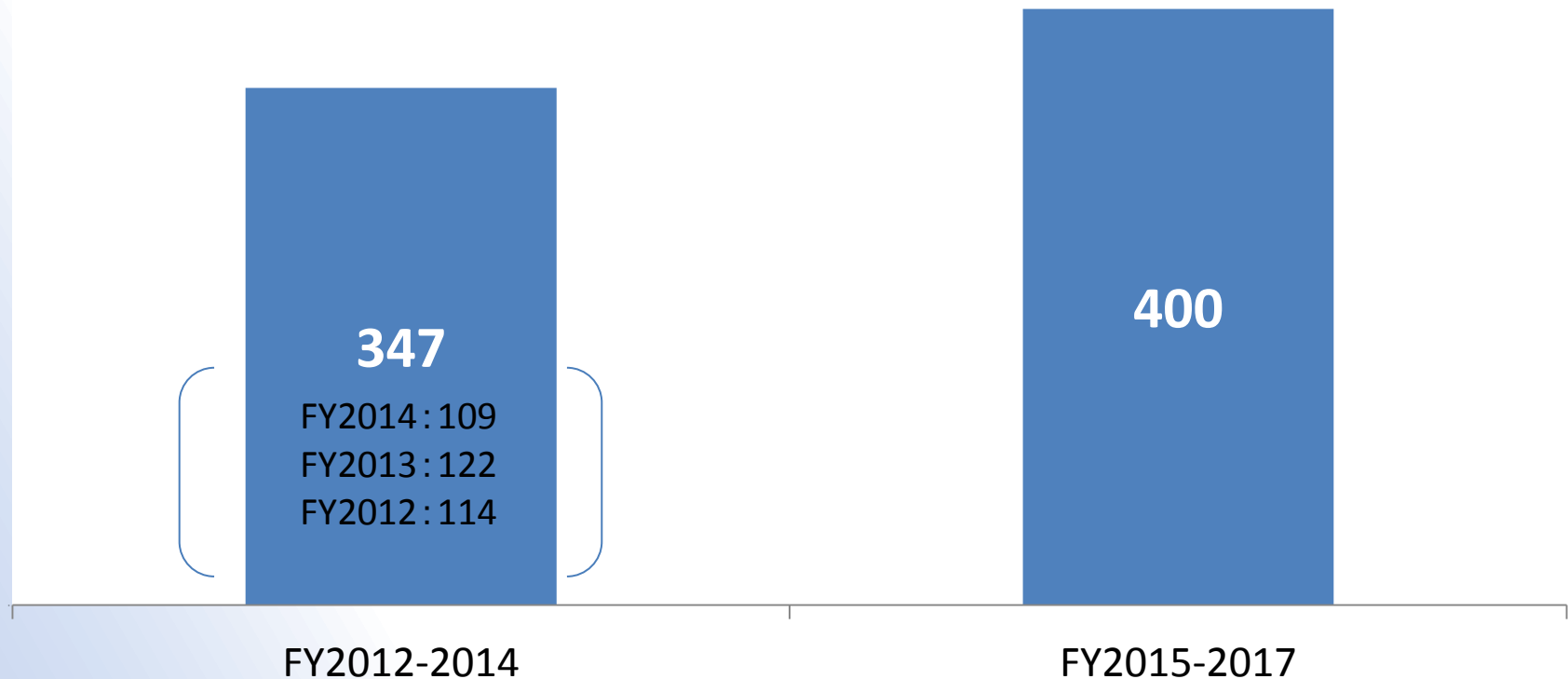
Overseas sales



Capital investment and loan

Over the mid-term (three years), we plan to carry out equipment investment of 40 billion yen and investments and loans of 30 billion yen.

(Unit: ¥100 million)



Overseas investment

- ◆ Total equipment investment in the three-year plan for fiscal 2015 to 2017: 40 billion yen Of this, overseas equipment investment: 16 billion yen (chemicals 75%, foods 25%)

(Unit: ¥100 million)

Business	Location	FY2015	FY2016	FY2017	3-year total
Chemicals	Asia	10	50	40	100
	Other (Western)	10	10	—	20
Food products	Asia	10	20	10	40
Overseas total		30	80	50	160

Consolidated sales (By segment)

(Unit: ¥100 million)

	FY2014	FY2017
Sales	2,143	3,000
Chemicals	1,500	2,085
<i>Electronics and IT materials</i>	203	333
<i>Functional chemicals</i>	1,137	1,567
<i>Commodity chemicals</i>	159	185
Food products	576	800
Other	66	115

Segmental Information: Electronics and IT Materials

- ◆ To form our third core business, we aim to have the top market share globally in the field of strategic products.
 - Electronics: Expansion of the target device and user
 - ① Concerning semiconductor materials, we will further expand our business domain by selling our memory (DRAM, NAND) and logic element products.
 - ② Focusing on the development of new products, we will maintain our top share with high-dielectric constant materials for next-generation and post-next-generation semiconductor memory.
 - IT materials: Expanded application of optical materials and expansion of our business domain with new materials
 - ① For photosensitive materials (photo curing materials, photopolymerization initiators, etc.), we will proactively deploy our business resources to focus on business expansion in the fields of materials for displays and semiconductor resist materials.
 - ② By leveraging our organic synthetic technology and light control technology, we will develop new materials for use in manufacturing processes for displays and semiconductors.

Segmental Information: Functional Chemicals

◆ Further accelerate overseas expansion

- Polymer additives: Establish a position of total polymer additives manufacturer
 - ① Promote the development of new products
 - ② Expand the premium market segment by expanding sales of general-purpose additives.
 - ③ Accelerate global sales of functional products.
- Surface active agents: Focus to lubricant , cosmetic raw materials , water-based paint additive
 - ① Engine oil additives : strengthen efforts to have them used by major automakers in Japan and Europe.
 - ② Cosmetic raw materials : put a new glycol product on the market.
 - ③ Reactive emulsifiers : develop overseas markets.
- Functional polymers: Consolidation of the profit base mainly through sales of strategic products
 - ① Expand sales of water-borne urethane as a strategic product.
 - ② Promote expansion of applications of highly functional products such as low-chlorine epoxy resin and adhesives.

Segmental Information: Commodity Chemicals

◆ Consolidate our foundation through thorough cost reductions and enter into new fields.

① Peroxygen chemicals, Propylene glycols, etc

We will continue cost reduction efforts and thoroughly manage our profit margin to ensure stable profitability.

Moreover, we will focus on developing high value-added products.

② Industrial materials

We will establish domestic and overseas sales bases for water-swelling water sealing materials and other products. In addition to sales of our own products, we also aim to expand our business with a view to cooperation with other companies.

Segmental Information: Foods Business

- ◆ We will sophisticate our oil and fat processing techniques to contribute to rich diets for Asian people.
 - ① Strengthening of national foundation
 - Make efforts to increase market share by strengthening sales of processed oils and fats (including margarine and shortening) as well as improve profitability by integrating processed food product types (including whipping cream) and implementing cost reductions.
 - Expand our business domain by marketing functional food materials and incorporating peripheral businesses.
 - ② Acceleration of overseas expansion

In coordination with three subsidiary food companies in Asia (China, Singapore, and Malaysia), by developing products (oils and fats for kneading or inserting, fat spreads, paste for bread, etc.) whose texture and flavor match the needs and tastes of locals, we will promote sales to expand the scale of our business.

New businesses

- ◆ Accelerate creation of new businesses by fusing in-house technologies we have accumulated in the chemical and food fields as well as utilizing external resources.
- ◆ Expansion into new business areas, Life sciences , Environmental energy

Life sciences

- Concerning medical materials, we will establish a foundation as a manufacturer of medical materials, including decellularization regenerative medical materials (next-generation medical materials) and large bowel cancer diagnostic reagents.
- Concerning healthcare, we aim to newly expand our businesses, including strengthening of the foundation of our business handling β -glucan and highly efficient production of high value-added products that leverage mevalonolactone fermentation production technology.

Environmental energy

- With a focus on “low environmental load,” “power generation,” “electricity storage,” and “power electronics,” we will accelerate creation of new businesses.

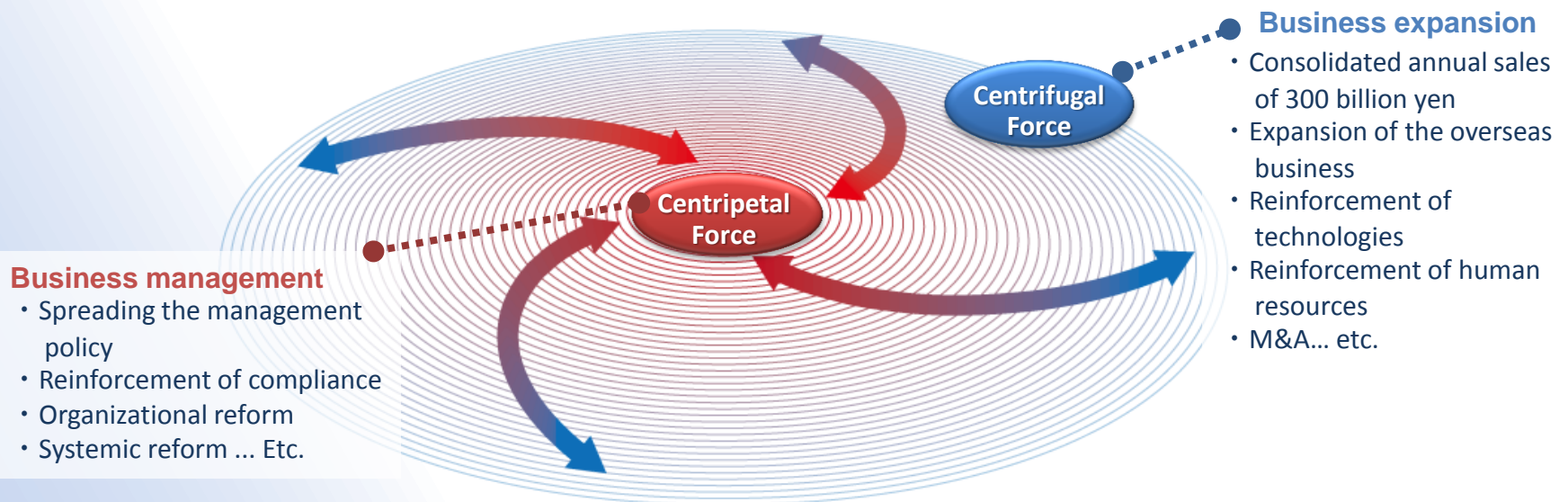
Reinforcement of Group Management

In order to strengthen our group management, which has become complicated during the course of our business expansion, we will move forward making use of two axes, the expansion strategy (centrifugal force) and business management (centripetal force).

By focusing on strengthening organizational power and ensuring continuity of business activities, we will address:

(1) Spreading the Management Policy

(2) Reinforcement of Compliance (promotion of CSR)



Reinforcement of Group Management ②

◆ Spreading the Management Policy

The ADEKA Group Management Policy

- Work hard to be a forward-looking organization by staying on the cutting edge
- Be a respected member of the world community

◆ Reinforcement of Compliance

- Dissemination of “Code of Conduct ADEKA Group”
- Ensuring thorough observance of laws and regulations by reinforcing the support systems at bases at home and abroad

Shareholder Return and Dividends

- ◆ Based on the policy of continued payment of stable dividends, we will appropriately return profits to shareholders by comprehensively considering conditions such as the business environment, business performance, and financial standing.
- ◆ Using internal reserves preferentially in strengthening our business foundations and making mid- to long-term investments in growth businesses.

Notice on Forecast Performance and Business Plans

The forecast performance and business plans specified in this document have been prepared based on information available as of the date of publication, as well as on various prerequisites; therefore, the actual results may differ from these forecasts or plans depending on various factors that may arise hereafter.