

# Mid-term Management Plan, BEYOND 300

Under the ADEKA VISION 2025, which expresses the ADEKA Group's aspirations, we intend to become a company that creates value for tomorrow and contributes to affluent lifestyles through innovative technologies. In April 2018, we launched the mid-term management plan, BEYOND 300, as the second stage toward realizing the ADEKA VISION 2025. Building on the achievements of STEP 3000-II, the previous mid-term management plan, as a foundation, we will carry out our efforts toward becoming an excellent company with net sales exceeding 300 billion yen.

## Basic Policies

### Become an excellent company with sales exceeding 300 billion yen.

- The second stage toward realizing the ADEKA VISION 2025
- Three years with net sales exceeding 300 billion yen due to organic grow. Promote M&A separately.



Viewpoint from the ideal future

## Management Targets (Fiscal 2020)

Consolidated sales	Over 300 billion yen (via organic growth)
Operating profit ratio	10%
ROE	10%
Investment and finance	100 billion yen (three-year total) Breakdown: capital investment: 50 billion yen (three-year total) M&A funds: prepared with 50 billion yen as the limit (three-year total)
Dividend	Dividend payout ratio: 30% (target for the final year of the mid-term plan after incremental increases) Appropriate shareholder returns are determined after comprehensive consideration

## Basic Strategies

### Global Expansion of Three Main Businesses

Globally expand sales of strategic products defined for each of our three main businesses; polymer additives, chemical products, and food products.

### Entering New Domains

Build business models and promote commercialization in the target domains of life sciences, the environment and energy.

### Enhancing Our Management Foundation

Promote CSR to strengthen our contribution to society and trust from society. Enhance mutual cooperation within the ADEKA Group to leverage our comprehensive abilities.

## Five Measures



### Corporate Management

#### Enhancing Group corporate management

Cultivate common values for the ADEKA Group, establish systems and structures and enhance Group corporate management.

### Technology

#### Creating innovation and enhancing competitiveness

In order to perpetually create products required by society, enhance R&D, promote new business development and intensify or inherit production technologies.

### Human resources

#### Expanding global human resources and leaders

Continuously invest in human resources as a corporate asset to expand global human resources and leaders.

### Global Business Development

#### Expanding globalization and accelerating localization

Further expand globalization of procurement, production and sales while accelerating the growth of individual overseas subsidiaries.

### Corporate value

#### Promoting CSR and mutually developing with society

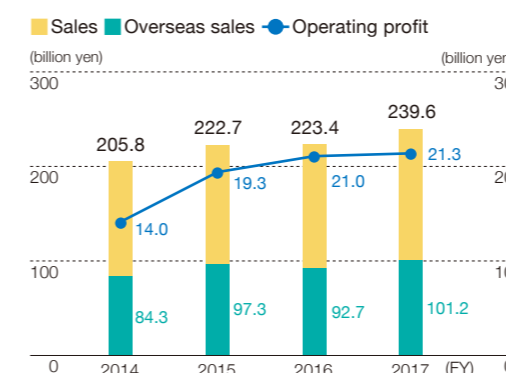
Improve our CSR promotion system, contribute to the solving of problems in society through our business and utilize these efforts to achieve continuous growth.

## Recap of the Mid-term Management Plan for FY2015–FY2017, STEP 3000-II

Positioning the mid-term management plan for the period of fiscal 2015 to fiscal 2017, STEP 3000-II, as the first three years toward realizing the ADEKA VISION 2025 and a period to realize an excellent company with sales exceeding 300 billion yen; various measures including active equipment investment have been taken to achieve growth.

Although our initial management targets, 300 billion yen in sales and 24 billion in operating profit, have not been achieved, we were able to maintain the rising trends in both revenue and earnings and achieved record-high sales and profits over three consecutive years, thereby building momentum for the current mid-term management plan.

### Financial Performance



### Management Indexes

#### Targets

8% of operating profit margin  
Cumulative investment of roughly 70 billion yen (capital investment planned at 40 billion yen total for the three years of the mid-term plan and 30 billion yen prepared for M&A funds as the limit)

#### Results

- Achieved operating profit margin (8.9%)
- Cumulative capital investment of 38 billion yen (95% of plan)
- Consolidated CROWN CO., LTD., a food wholesaler operating in Kansai area, as a subsidiary through the acquisition of additional stock and made SHOWA KOSAN CO., LTD., a specialized trading company handling chemicals, an equity-method affiliate