



MEDIUM-RANGE MANAGEMENT PLANNING

(2002 - 2005)



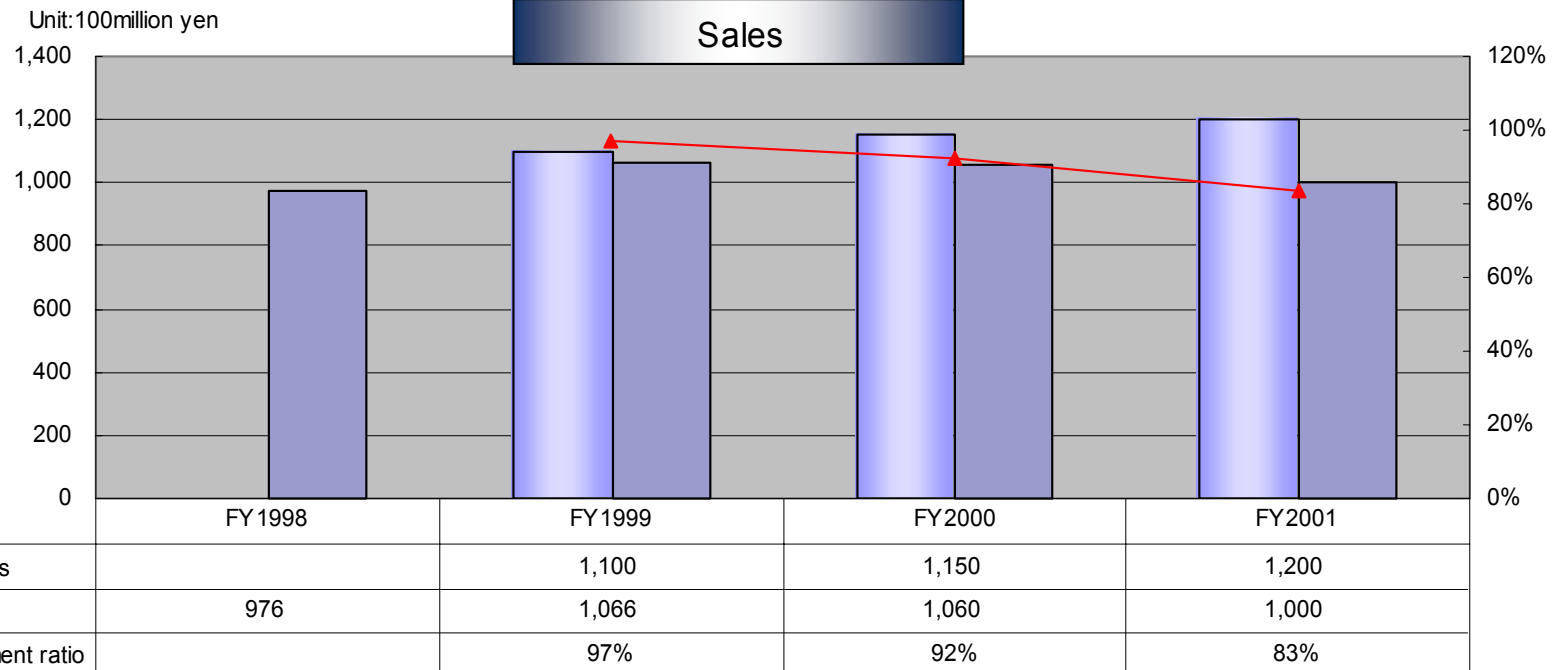
ASAHI DENKA Co., LTD.

2002/7/4

1. Comparison of Projections and Results for the Previous Medium-Range Management Planning (1999-2001)

Unconsolidated

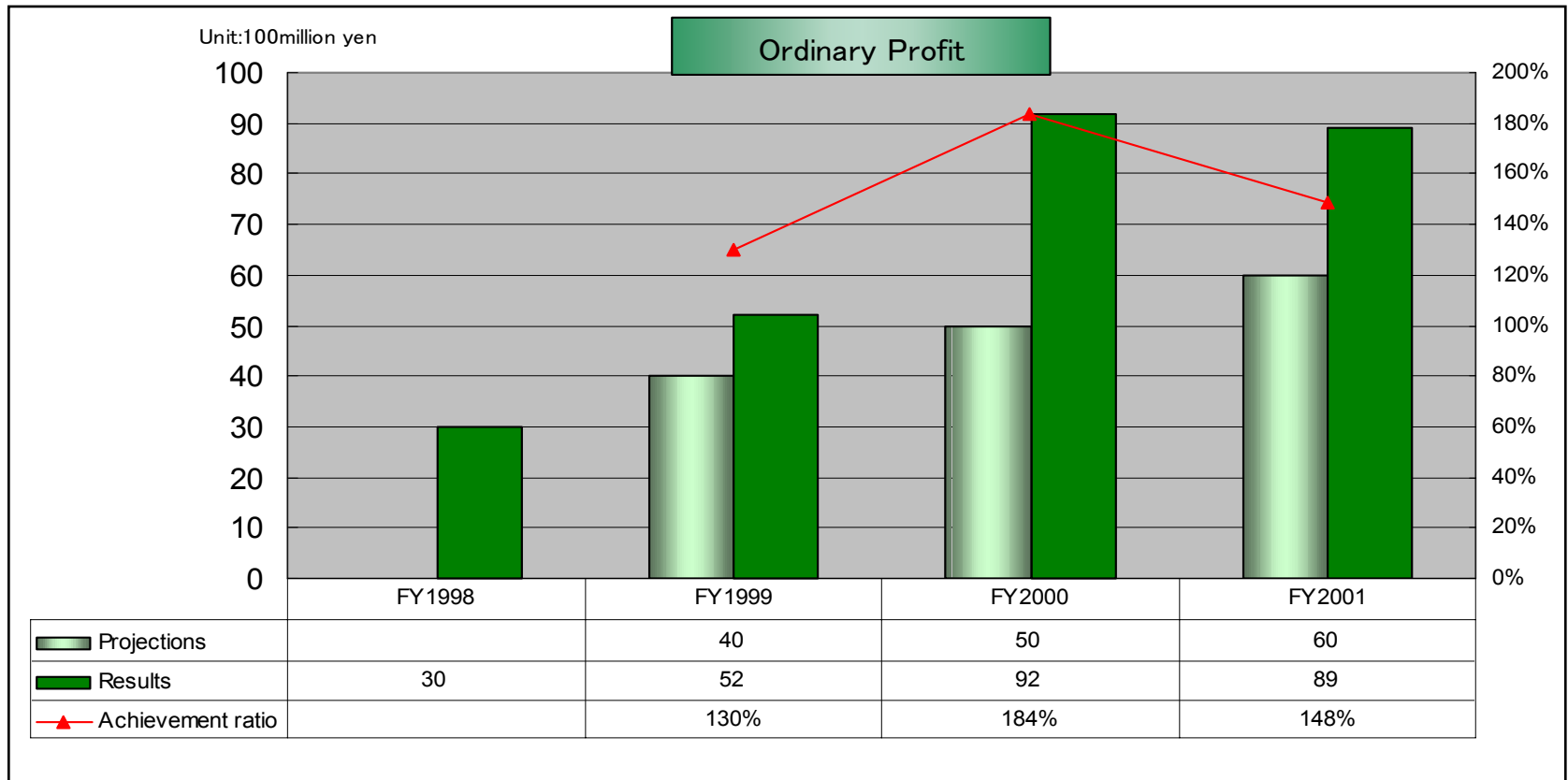
(1) SALES: The results did not reach the projections.



2. Comparison of Projections and Results for the Previous Medium-Range Management Planning (1999-2001)

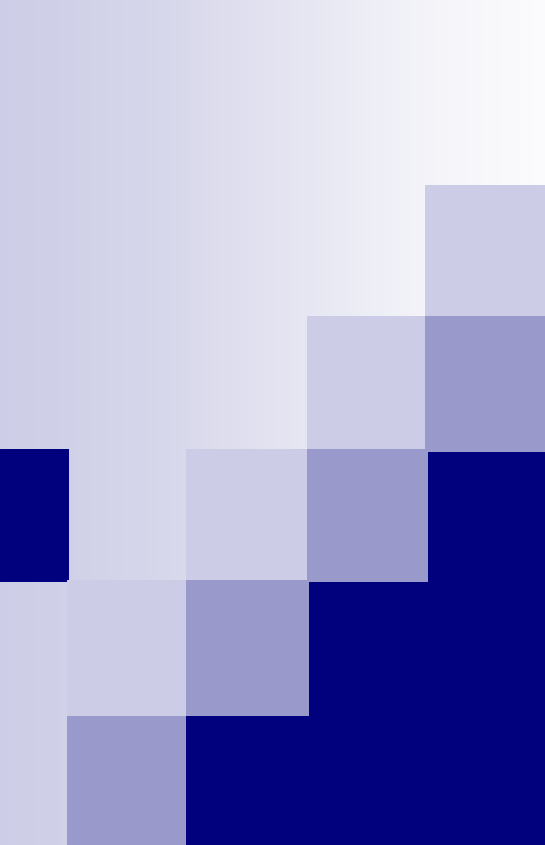
Unconsolidated

(2) Ordinary Profit: The results exceeded the projections significantly.



3. Summary

- (1) The sales did not reach the projections.
- (2) The accumulated ordinary profits exceeded the projections by 8.5 billion yen over the past three years.
15.0 billion yen (Projected) → 23.5 billion yen (Final results)
- (3) -Established the foundation of chemicals for electronics and information-related industries.
 - Constructed the overseas production and sales bases focusing on plastic additives.
 - Secured the stable profitability of food business.
- (4) Carried out drastic management reforms of Asahi Denka Group using EBO (Employee Buyout) → Cost reduction and strengthening of competitiveness.
 - Established seven new companies and merged four of these companies into two companies, involving 571 employees.
 - These five new EBO companies have reported better results than projected for their first fiscal year.

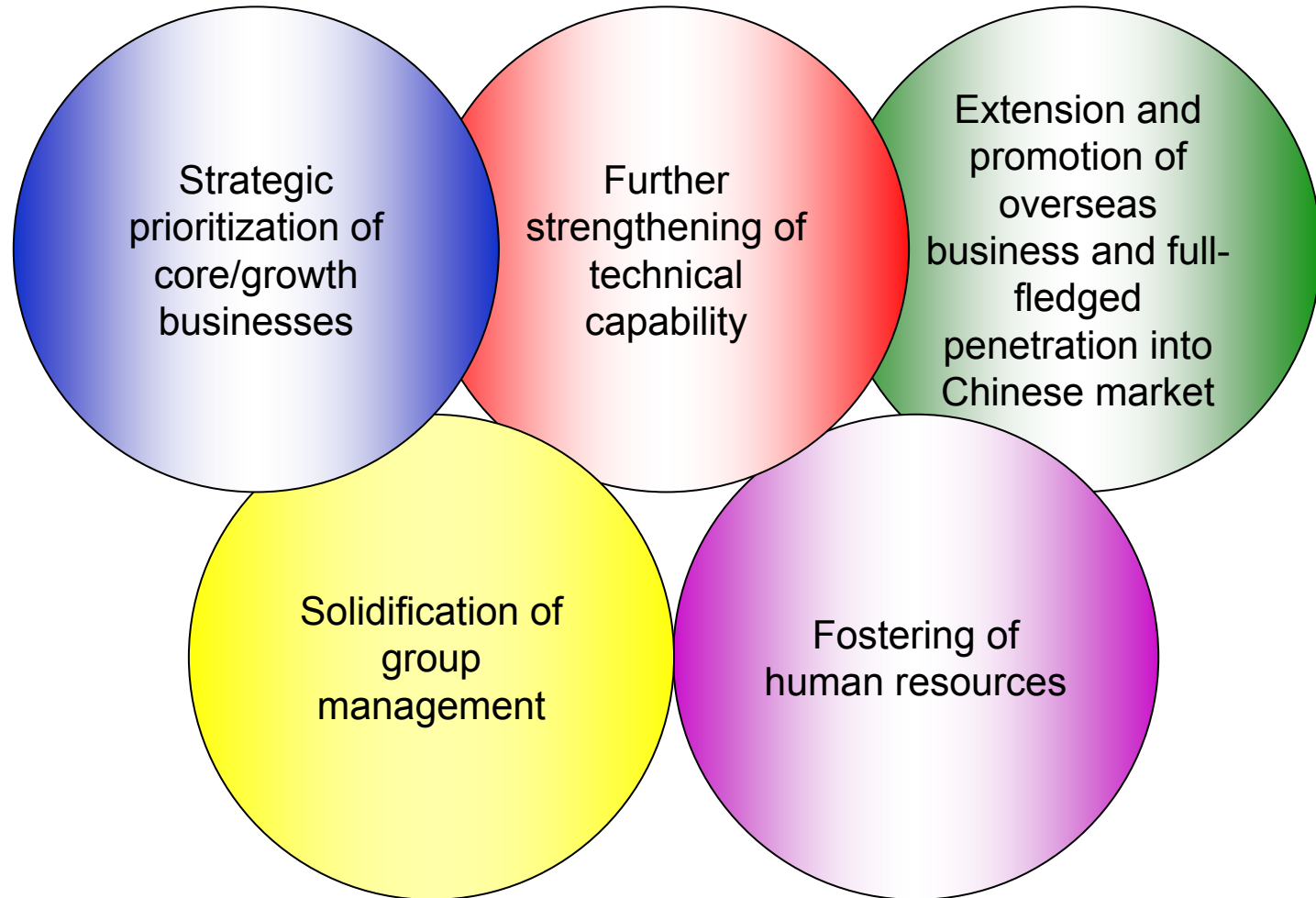


Overview of Medium- Range Management Planning (FY2002-FY2005)

1. Fundamental Management Policy



2. Fundamental Policies



3. Projections for FY 2005

Consolidated

Unit: 100million yen

	FY1998	FY2001	FY2005	Growth Rate
Sales	1,253	1,265	1,700	134%
Ordinary profit	27	95	150	157%
ROE	0.2%	5.5%	10%	

Ordinary
profit to
sales
ratio: 8.8%

Amount of capital investment and loan & investment

FY2002 - FY2005

361

(unit: 100million yen)

FY1999 - FY2001

188

Unconsolidated

Unit: 100million yen

	FY1998	FY2001	FY2005	Growth Rate
Sales	977	1,000	1,250	124%
Ordinary profit	30	90	130	144%
ROE	3.1%	6.8%	10%	

Ordinary
profit to
sales
ratio: 10.4%

Amount of capital investment and loan & investment

FY2002 - FY2005

340

(unit: 100million yen)

FY1999 - FY2001

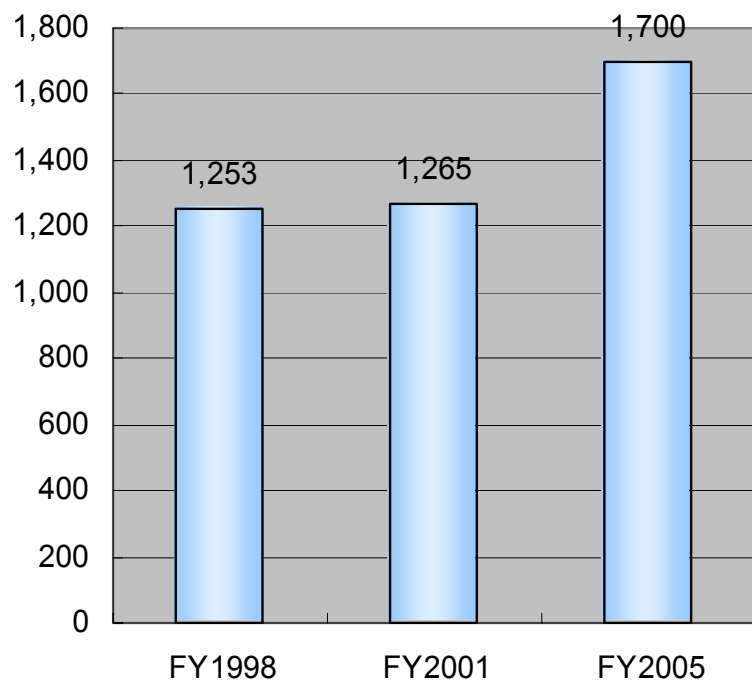
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4-1. Sales & Ordinary Profit

Consolidated

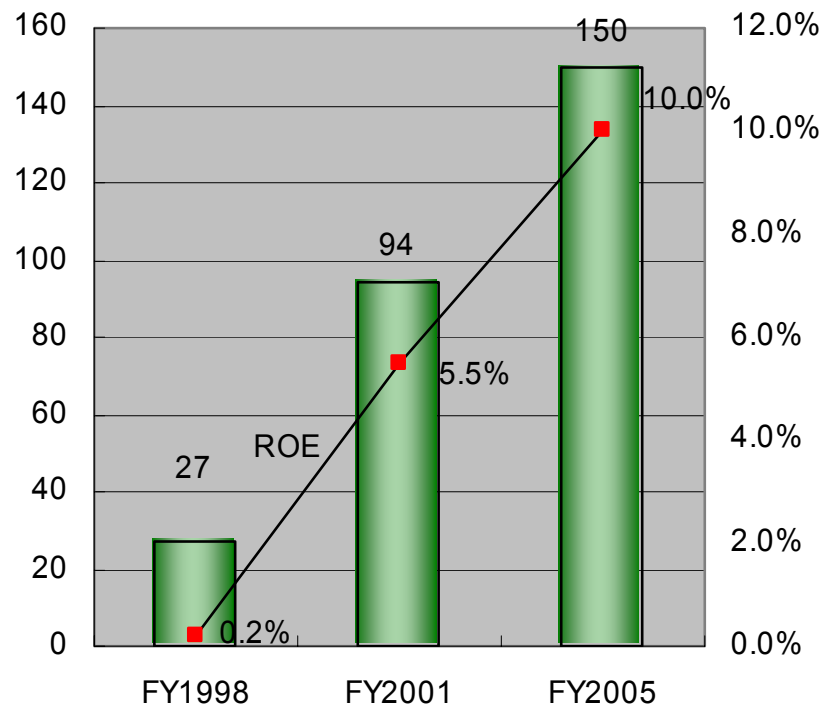
Unit: 100million yen

Sales



Unit: 100million yen

Ordinary Profit

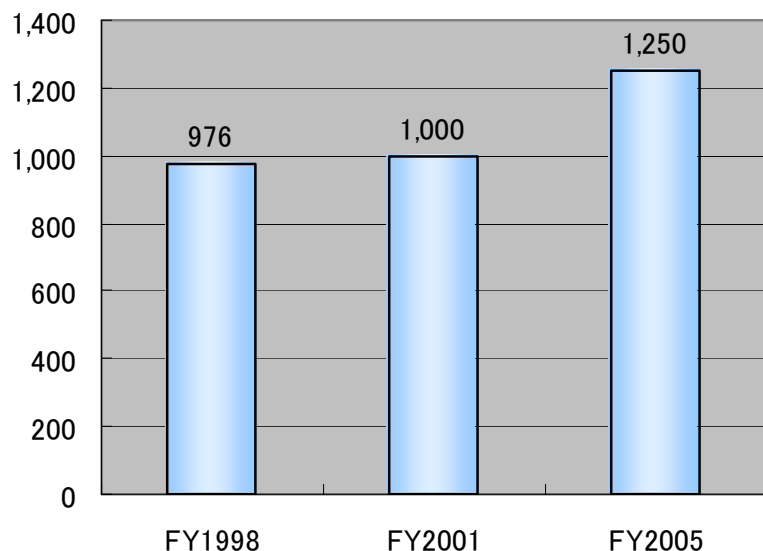


4-2. Sales and Ordinary Profit

Unconsolidated

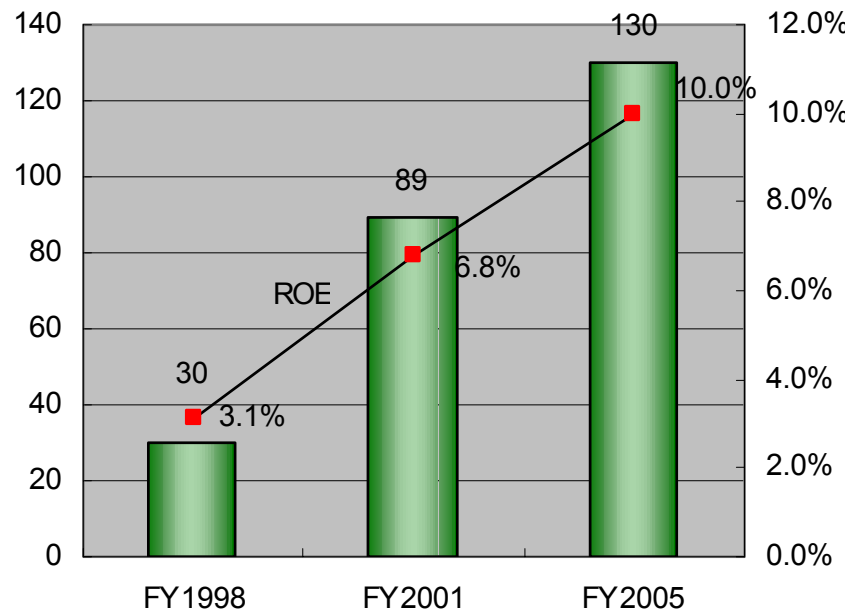
Unit: 100 million yen

Sales

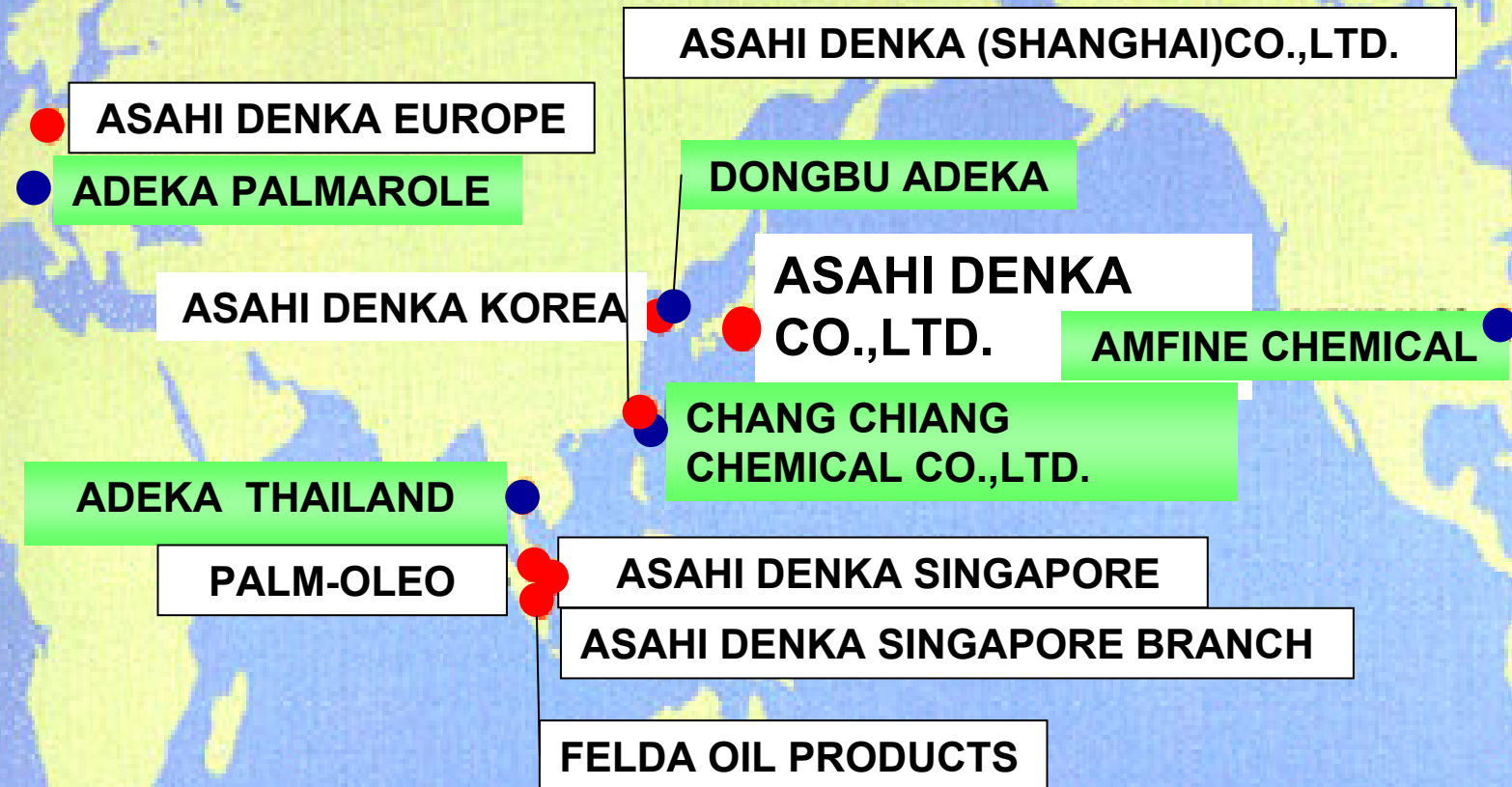



Unit: 100 million yen

Ordinary Profit



5-1. Expansion of Overseas Business



 Food and Chemical Companies

 Plastic additives Companies

5-2. Expansion of Overseas Business

	FY2001	FY2005
Overseas sales ratio	11 %	19 %
Export ratio of the whole company	8 %	11 %

5-3.Fully-Fledged Penetration into Chinese Market

Dec.2001 **Established ASAHI DENKA (SHANGHAI)CO.,LTD.**

Apr.2002 **-Set up China Project Team**
-Established KUKDO CHEMICAL(KUNSHAN) CO.,LTD.
the joint venture with Kukdo Chemical Co.,Ltd. for epoxy resins,
urethane systems ,etc.

July.2002 **-Established ASAHI FINE CHEMICALS(SHANGHAI)CO.,LTD.**
ASAHI DENKA CO.,LTD. 100
Paid-in Capital: US\$16million (first stage: US\$8million)
The planned factory site: Jinshan-ku, Shanghai
Area: 25,000 tsubo (approximately 82,500m²)
Business Content: Manufacture and sales of Functional resins,
plastic additives, electronic & information-related
chemicals, cleaning compounds, antibacterial
agents, etc.
Factory operation schedule: Autumn 2003
Sales target: (first stage) 50(100million yen)(FY2005)
(second stage) Starting up the food
business from 2004

6. Further Enhancement of Research & Development

- To develop competitive-edge peculiar products and technologies marketable on the world market.
- To aim at being No. 1 supplier in targeted sectors or business areas.
- To increase lift the ratio of new products(targeting at 30%)

FY1998

16%

→

FY2001

21%

→

FY2005

30%

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-R&D Expenditure

(ratio of R&D Expenditure to sales)

FY1998

4.8%

→

FY2001

5.2%

→

FY2005

5.5%

Unconsolidated

7.Management Index

Unconsolidated

	FY2001	FY2005
Ordinary profit to sales ratio	9%	11%
ROE	6.8%	10%
Capital-Asset ratio	43%	48%
Interest-bearing debt ratio	30%	24%
Current ratio	114%	125%